

new Moslem-Christian power-sharing formula.

This assessment of U.S. impotence, the result of burned fingers in Lebanon, continues to underlie

NEWS ANALYSIS

U.S. policy, despite considerable sympathy among Americans for Beirut's beleaguered civilians.

The Bush administration has been unwilling even to discuss a French suggestion that the UN Security Council consider a resolution for a Lebanese cease-fire. Unlike France, the United States has sent no additional aid to the civilians, who have lived in Beirut under artillery fire, without water or electricity, since March 14.

To the French and the Christian Lebanese, the United States seems

[illegible]

Jackson May Forgo National Bid to Run For Mayor of Capital

By David S. Broder and Tom Sherwood

WASHINGTON — The Reverend Jesse L. Jackson has begun actively discussing running for mayor in Washington next year, a step that would in all likelihood take him out of the race for the 1992 Democratic presidential nomination.

"I have not yet made a determination to run here," he said. But he added that he was speeding up the remodeling of a house he owns here and may move here from Chicago as soon as the work is completed.

Advisers have said privately during the last two weeks that Mr. Jackson has indicated a strong inclination to skip the 1992 presidential race and seek elective office in the national capital. Such a decision would sharply alter the national and local political landscape.

It would open up the 1992 nomination by removing from contention one of the Democratic Party's most controversial figures. It would also probably cause others thinking of challenging the embattled mayor, Marion Barry, to re-evaluate their plans.

"I will not run against Marion Barry," Mr. Jackson said.

8 Die in Taiwan Hotel Fire

TAIPEI — A pre-dawn fire swept a south Taiwan hotel Monday, killing eight persons and injuring 34, police in Pingtung said. The blaze broke out in a ground floor room at the eight-story Ping Cheng Hotel.

Changes Nation's Name

STAMBOUL — Turkey's parliament Monday approved a bill to change the country's name from the Republic of Turkey to the Republic of Turkmenistan, a move that would end the long-standing dispute over the name of the country.

h Case Is Imperiled

A jury continued deliberations Monday on the case of a woman accused of murdering her husband. The case is being heard in a court in the city of New York.

Mass in Madagascar

ANTANANARIVANA — Pope John Paul II is expected to arrive in Madagascar on Monday for a visit that will include a mass in the capital city.

Family Planning

WASHINGTON — The U.S. State Department is expected to announce a new policy on family planning that will allow for more flexibility in the distribution of contraceptives.

Ecological Problems

WASHINGTON — The U.S. State Department is expected to announce a new policy on ecological problems that will allow for more flexibility in the distribution of resources.

Update

WASHINGTON — The U.S. State Department is expected to announce a new policy on international relations that will allow for more flexibility in the distribution of resources.

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Portraying George Washington, an actor doffed his hat during bicentennial observances of the first president's inauguration.

Solemnity and Joy in N.Y.: First Inaugural Restaged

New York Times Service

NEW YORK — With actors solemnly re-enacting the first inauguration and a two-hour parade filling the narrow streets of Lower Manhattan, New York City celebrated 200 years of presidential government.

Ear-splitting cannonades saluted the milestone of democracy that occurred at the corner of Wall and Broad Streets on April 30, 1789, when George Washington took the oath of office and became the new nation's first president. On Sunday, tens of thousands jammed the same streets lined by parade watchers 200 years earlier, and thousands more followed the day's events by radio and television.

President George Bush, outside Federal Hall, which stands on the site of the first inaugural ceremony, hailed the "great constancy" of the presidency in the two centuries since Washington first promised to preserve, protect and defend the Constitution. "So much remains constant," Mr. Bush said after an actor had read part of Washington's inaugural address. "So much endures."

But he said Monday morning

that some flaws were unavoidable and that his Authentic Liberal Radical Party, the country's second largest, would accept the results if fraud was not "generalized."

Voters interviewed shortly after

the polls opened said that the elections were as free as any they had voted in.

"Before, I wouldn't even have

talked with you," said César Ramón González, 57, a retired public accountant. "Now, the atmosphere is completely different."

Unlike the days when Paraguayans

were encouraged to vote for General Stroessner, said Ricardo Facetti, an architect, the voting was

conducted in privacy and ballots of

all eight parties were available. Polls indicate that General Rodríguez will receive as much as 70 percent of the vote after a campaign dominated by the issue of who can best move the country that has never had a democratic government in the direction of democracy.

General Stroessner, 76, seized

power in a 1954 coup and brooked little opposition during his lengthy rule, arranging to be re-elected every five years. He was unseated on Feb. 3 and sent into Brazilian exile.

General Rodríguez, 65, has been

hailed by Paraguayans for toppling General Stroessner. Since taking power, he has broadened civil liberties and pledged to reform the constitution, electoral laws and the penal code.

But opposition parties, which

were banned under General Stroessner, have complained they were not given enough time to prepare for the elections.

Eight parties have fielded

candidates in voting called to elect a president, 36 senators and 72 legislators. The victors will finish five-year terms begun by General Stroessner and Congress following elections in February 1988.

At a campaign rally Saturday

night, General Rodríguez repeated a pledge to hand over power in August 1993 to "my successor, freely elected by the people at the ballot box."

Chemicals in Food: Distress in the U.S.

Consumers Fear Pesticides, but Farmers Want Them to Avoid Crop Losses

By Keith Schneider

New York Times Service

BELLE GLADE, Florida — Miles of redishes, great stands of celery and fields of sweet corn, carrots and lettuce thrive in southern Florida's fertile mucklands, a powerful testament to a union of engineering, biology and chemistry that has fed the United States for two generations.

Now one partner in the union, farm chemicals, is under challenge across the nation as never before.

The nation's new concern for farm practices free of chemicals is pitted against what Americans now take for granted: large quantities of cheap food.

In the past few months, markets have barred fruits and vegetables thought to be tainted with pesticides.

Apple sales have dropped since the New York-based Natural Resources Defense Council published a report that said Alar, a chemical used to make apples crisp, could cause cancer and was especially hazardous to children.

The heads of three federal agencies disagreed with the report and said apples were safe to eat, but their comments were too late to halt the decline in sales.

With these instances in mind, environmentalists hope, and some farm industry officials in Florida fear, that an end to the era of chemical control in agriculture might be near.

Florida officials said that if consumers persisted in demanding fruits and vegetables with no detectable residues of pesticides and if no new chemical-free, commercial farming practices were developed soon, the result for farmers could be shrinking markets and billions of dollars in losses.

For consumers, supplies of fruits and vegetables in the winter could shrink and prices could rise.

The issue has hit Florida and the rest of the South particularly hard. Vegetable and fruit farmers in the region have come to depend on pesticides in the last 40 years because other techniques have proved unsuccessful in controlling the diseases and insects that thrive in the high humidity and warm temperatures.

About half of U.S. fresh winter vegetables, an annual harvest worth \$1.3 billion, are produced in Florida.

None of Florida's farmers is more concerned about the future of pesticides than A. Duda & Sons Inc., the largest U.S. vegetable grower.

On 23,000 acres (9,300 hectares) in Belle Glade, one of several farms the company operates in Florida, Texas and California, the U.S. system of industrial agriculture is

practiced at a level matched in few other places.

Edward L. Hamilton Jr., the company's vegetable production manager, is responsible for coaxing miles of corn, cantaloupe, lettuce, parsley, carrots and redishes to maturity with carefully timed applications of herbicides, insecticides and fungicides.

He said that commercial agriculture on the scale practiced in Belle Glade would be impossible without pesticides.

"Agricultural chemicals are a valuable and in some cases invaluable tool," he said.

Yet for the first time in his career, Mr. Hamilton is not sure that he will retain all the chemical tools he says he needs.

In October, the Environmental Protection Agency classified more than 70 of the roughly 360 pesticide ingredients licensed to be used on food as potential human carcinogens, that is, capable of causing cancer. New studies indicate that other chemicals are hazardous, and the environmental agency is gradually issuing restrictions on some pesticides.

In many other cases, manufacturers are voluntarily withdrawing their products for use on vegetables and fruit crops because they say it is too expensive to conduct safety studies.

The new information has awakened consumers and has scared farmers. Consumers are demanding a new quality control standard for fresh and processed products by insisting on food without any detectable pesticide residues.

Farm groups and food associations are responding by insisting that, at the trace levels found in food, agricultural chemicals are safe.

The Institute of Food Technologists in Chicago and 17 other scientific societies published a report in April that said "the perception that the food supply is unsafe is not supported by scientific data."

Surveys by the Florida Department of Agriculture and Consumer Services show that 69 percent of the produce tested for pesticides in Florida contain traces of one or more pesticides.

In most cases, residues were measured at levels in parts per billion, minuscule amounts that state scientists consider insignificant and harmless. But in 2.5 percent of the samples, pesticide residues exceeded federal standards.

George E. Fong, chief of the state division that tests vegetables for pesticide residues, said that level did not indicate a health hazard.

"We just don't have a problem with residues," Mr. Fong insisted.

Yet chemicals known as EBCDs, widely used throughout Florida, are raising concerns at the Environmental Protection Agency and causing anxiety in Belle Glade.

EBCDs kill fungus and bacteria that can develop unsightly spots on leaves and stems or can wipe out entire fields of vegetables. Two of the five EBCDs, maneb and mancozeb, are among the most important pesticides used by Florida vegetable growers, crop specialists say.

A new analysis by the agency determined that at levels commonly found in vegetables the risk of developing cancer from the EBCDs is two cases in 100,000 people, a rate 20 times higher than the established federal limit.

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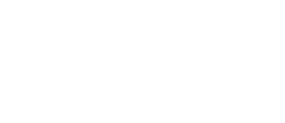
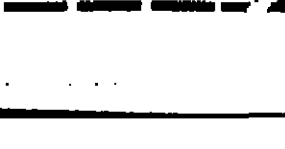
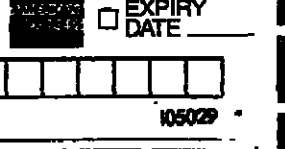
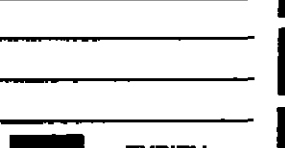
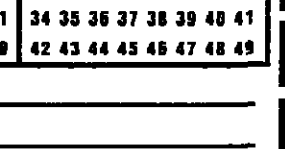
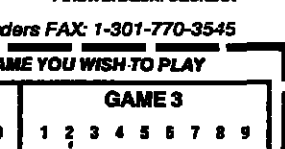
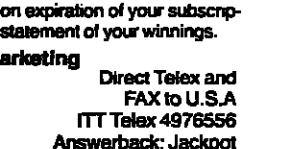
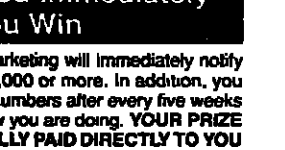
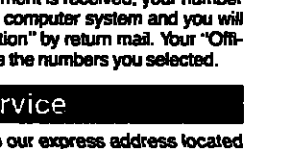
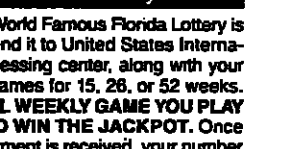
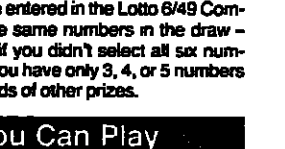
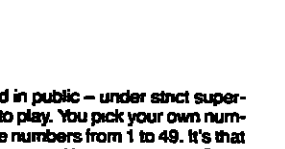
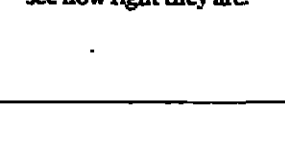
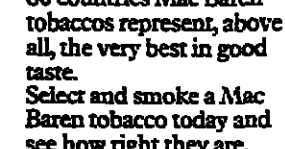
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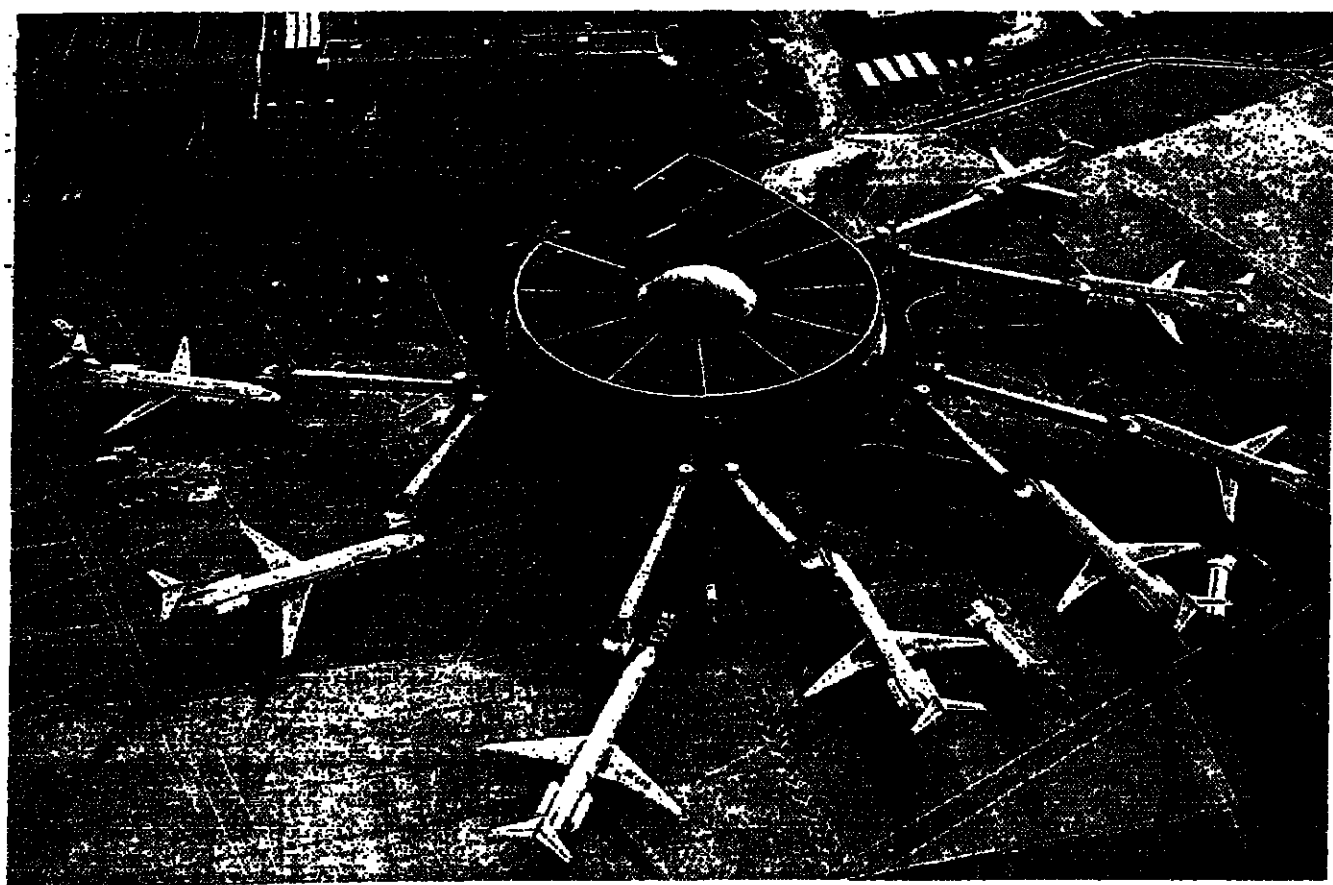
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Soviet Toxic Gas Identified

Expert Says Georgia Chemical Had German Precedent

By David Remnick

Washington Post Service

MOSCOW — Soviet troops who forcibly broke up a demonstration in the Georgian capital, Tbilisi, last month used a toxic gas employed by the German Army in World War I, according to a leading Soviet toxicologist.

Mikhail Vashakidze, chief toxicologist in the Georgian Health Ministry, said he had concluded that the troops used a gas containing chloroacetophenone, or phosgene chloride, a synthetic chemical that can cause severe damage to internal tissues, as well as eye irritation and headaches. Prolonged exposure to high concentrations of the compound can be fatal.

The Germans used the gas in battles with the French, British and Russians with "terrible con-

sequences," Mr. Vashakidze said in Zarya Vostoka, the Georgian Communist Party newspaper. "Several thousand soldiers were gravely poisoned. Since then, the gas has not been used by troops in military activity."

The substance identified by Mr. Vashakidze has been used in low concentrations in personal protective devices used to repel attackers.

The newspaper's April 27 issue, which reached Moscow on Sunday, also said that 70 children living in the Tbilisi area where the demonstrations took place had been hospitalized with symptoms that appeared to be related to the gas.

Mr. Vashakidze said that the use of such gases was "without a doubt a stab in the back" for

perestroika, the program of economic and social renewal of Mikhail S. Gorbachev, the Soviet leader.

He suggested that the action in Georgia undercut Kremlin support for a worldwide ban on all chemical weapons. At a conference in Paris in January, Edward A. Shevardnadze, the Soviet foreign minister, said that Moscow planned to begin unilaterally destroying its chemical weapons this year.

Although Soviet military officials say that the troops used only tear gas in the April 9 incident in Tbilisi, which left 20 persons dead and more than 200 wounded, medical officials in Georgia have said that at least two persons died as a result of inhaling a poisonous gas.

Sharon Says Uprising Must End Before Vote

Reuters

JERUSALEM — Trade Minister Ariel Sharon said Monday that terrorists could win any elections held in the occupied territories unless the Palestinian uprising was crushed first.

In the occupied West Bank, Palestinians in Tulkarm stabbed and killed an Arab shopkeeper suspected of helping Israeli secret police. He was the seventh suspected collaborator killed by fellow Palestinians in eight days.

Mr. Sharon, a former defense minister who led Israel's invasion of Lebanon in 1982, said on the army radio: "Elections in the territories that will select those leading the violence and terror will only give them legitimacy, not only with us but also with the world."

"The first thing that must be done is to restore the quiet and security of Israel, not only to protect Jewish lives," he said, "but also to advance the political process."

Prime Minister Yitzhak Shamir has proposed allowing Palestinians in the occupied West Bank and Gaza Strip to elect negotiators to talks with Israel that would be held if the uprising ended.

A Foreign Ministry spokesman said that the attacks on collaborators were apparently aimed at sab-

otaging Mr. Shamir's election plan. "Part of it is to undermine the idea of elections," he said, "and to see to it that the intifada will go on at the same level of violence."

Mr. Sharon said harsher measures were needed to quell the uprising, which has lasted nearly 17 months. He also defended Jewish settlers who have shot at Arab stone throwers. At least 15 of the more than 440 Palestinians killed in the uprising have been shot by settlers. About 70,000 settlers in West Bank and Gaza communities live among 1.7 million Palestinians. Seventeen Jews have died in the revolt.

Mr. Sharon criticized the police for arresting a Moroccan-born settler, Haim Ben Lulu, 37, who is suspected of shooting to death a Palestinian boy on Friday when his car was stoned in the West Bank city of Hebron.

"To arrest a Jew who is protecting his life while under attack is excessive and severe when Jews are being attacked daily," Mr. Sharon said. "To investigate if necessary, yes. To arrest, no." Mr. Ben Lulu was freed Monday on \$14,000 bail.

■ **Mayor to Step Down**

The Israeli-appointed mayor of the West Bank town of El-Bireh, who was stabbed nearly to death a year ago because he refused to leave his job, has said that he would resign. The New York Times reported from Jerusalem.

A fire, apparently set by Palestinian militants, nearly burned down the house of Hassan Tawil on Saturday. "I'm exhausted," he said. "I cannot bear out my duties any more."

Despite Truce, Sporadic Shelling Persists in Beirut

Reuters

BEIRUT — Christian and Syrian-backed Muslim forces skirmished with mortars and rockets Monday across the Green Line dividing Beirut despite a three-day cease-fire called by the Arab League.

The shooting was the latest in a series of small-scale clashes since the cease-fire took effect Friday, after six weeks of artillery barrages that have killed at least 230 people.

An Arab League delegation is expected in Beirut on Wednesday to try to end an impasse over the lifting of sea, air and road blockades, said senior Muslim political sources.

The delegation will also discuss deployment of a 312-member Arab observer force to monitor the cease-fire.

LEBANON: A Cautious U.S.

(Continued from page 1)

to be suffering a form of "Vietnam syndrome," shell-shocked to the point of paralysis by its failures in Lebanon.

The French have been telling the Bush administration it is incorrect in thinking that, by avoiding a confrontation now, it will find Syria any easier to deal with later on the peace process or terrorism.

If the Syrian president, Hafez Assad, is given a free hand in Lebanon, the French argue, he will only be emboldened to sabotage the U.S. plan for elections of Palestinian leaders in the Israeli-occupied West Bank and Gaza Strip.

But Bush administration officials think their decision to let the Arab League take the Lebanese burden on its shoulders is a sign of U.S. diplomatic wisdom, born of hard-learned lessons from repeated plunges into the quagmire of Lebanon's fierce sectarian politics.

Bitter memories of confrontations with Syria over Lebanon run strong throughout the administration. The possibility of another clash — over the bombing in December of Pan Am Flight 103 — looms as evidence accumulates that Syrian-supported Palestinian radicals might have been involved.

Secretary of State James A. Baker 3d told a French diplomat recently that "this worst memory" as chief of staff under President Ronald Reagan was the explosion at Beirut airport in October 1983, which resulted in the deaths of 241 servicemen. The United States proved helpless to do anything about it then or afterward.

No evidence emerged of direct Syrian involvement in the bombing. But it came at a time when Mr. Assad, in league with Iranian-inspired Lebanese Shiite extremists, was determined to drive the United States out of Lebanon and reassert his primacy there after the Israeli invasion in June 1982.

With the "redeployment" in February 1984 of the U.S. Marines onto ships stationed off the Lebanese coast, Mr. Assad had won.

Today, Lebanon has no president, no functioning parliament or cabinet, two armies and two contending "prime ministers." Major General Michel Aoun on the Christian side and Salim Hoss on the Muslim.

General Aoun has forged an alliance with Iraq, Syria's foremost Arab enemy, to assure himself a supply of ammunition and arms, including tanks and heavy artillery. This has given a new twist to the struggle over Lebanon, turning it into a Syrian-Iraqi battleground for influence in the Arab world.

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Resentment by the Syrian president, Hafez Assad, is given a free hand in Lebanon, the French argue, he will only be emboldened to sabotage the U.S. plan for elections of Palestinian leaders in the Israeli-occupied West Bank and Gaza Strip.

But Bush administration officials think their decision to let the Arab League take the Lebanese burden on its shoulders is a sign of U.S. diplomatic wisdom, born of hard-learned lessons from repeated plunges into the quagmire of Lebanon's fierce sectarian politics.

Bitter memories of confrontations with Syria over Lebanon run strong throughout the administration. The possibility of another clash — over the bombing in December of Pan Am Flight 103 — looms as evidence accumulates that Syrian-supported Palestinian radicals might have been involved.

Secretary of State James A. Baker 3d told a French diplomat recently that "this worst memory" as chief of staff under President Ronald Reagan was the explosion at Beirut airport in October 1983, which resulted in the deaths of 241 servicemen. The United States proved helpless to do anything about it then or afterward.

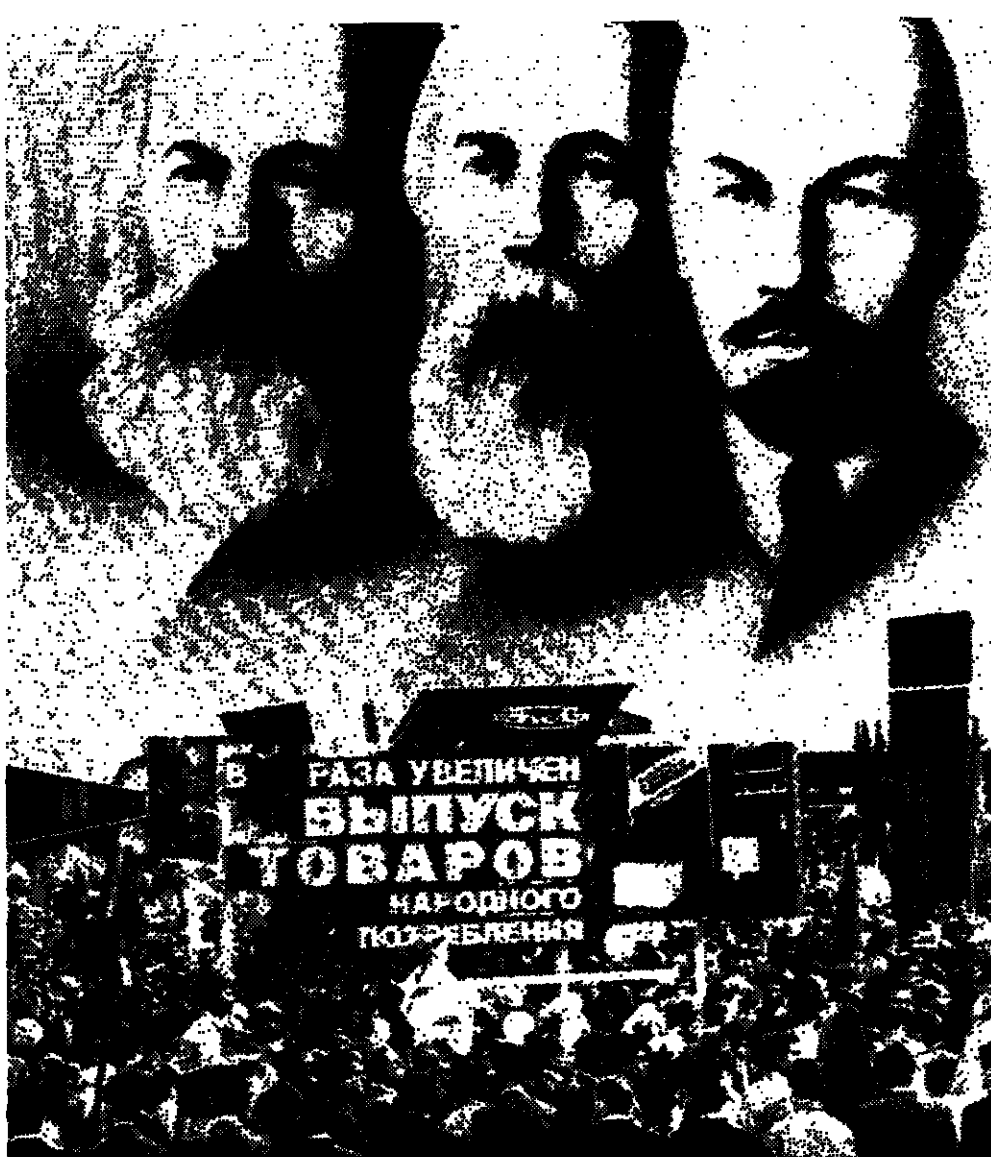
No evidence emerged of direct Syrian involvement in the bombing. But it came at a time when Mr. Assad, in league with Iranian-inspired Lebanese Shiite extremists, was determined to drive the United States out of Lebanon and reassert his primacy there after the Israeli invasion in June 1982.

With the "redeployment" in February 1984 of the U.S. Marines onto ships stationed off the Lebanese coast, Mr. Assad had won.

Today, Lebanon has no president, no functioning parliament or cabinet, two armies and two contending "prime ministers." Major General Michel Aoun on the Christian side and Salim Hoss on the Muslim.

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A banner for the Zil car factory reading "Double Production of Consumer Goods" passes under the eyes of the Communist fathers Marx, Engels and Lenin during May Day celebrations in Moscow.

DAY: A Throng of Workers in Celebration and Protest

(Continued from page 1)

gathered on the day of international labor to celebrate their gains with banners and balloons, or to protest their losses with hurled rocks and smashed windows.

Poles shouted "Down with Communism!" in a May Day march through Warsaw, and rallies burst into riots in Czechoslovakia and South Korea on Monday as workers marked their worldwide holiday.

Clashes in Turkey left 36 persons injured; riot squads fired tear gas when leftists tried to march on the U.S. Embassy in the Philippines; and 300 radicals donned masks and looted stores in West Berlin.

In Kishinev, capital of the Soviet republic of Moldavia, youths boycotted a rally after student activists were refused entry into the column in the city parade, Izvestia said.

In the Philippines, police swung truncheons and fired tear gas to break up crowds marching to the U.S. Embassy in Manila after a

rally in which union leaders threatened a nationwide strike to press for a higher minimum wage.

Riot police in South Korea fired tear gas in a battle with about 5,000 striking workers in Masan and Changwon after protesters tried to stage a May Day rally, police said. About 20 workers were arrested.

In Poland, as many as 100,000 Solidarity supporters marched through Warsaw for the union's first legal May Day gathering in eight years.

In Wrocław and Gdansk, police with clubs used tear gas and water cannons to break up rallies organized by banned splinter groups, according to two opposition spokesmen.

In Czechoslovakia, at least three dozen people were arrested Monday for taking part in anti-government protests that broke out during the official May Day parade in Prague. One protester was arrested as he carried a poster of Mr. Gorbachev, whose reforms go further

than those desired by the Czechoslovak leadership.

In Turkey, 36 persons were injured in battles with security forces during outland May Day marches in Istanbul, the Anatolia news agency reported. Officials had banned the holiday because they said it was a Marxist tradition.

In West Berlin, about 1,000 leftist protesters hurled rocks at police and smashed car windows. Authorities said about 300 protesters donned masks, looted two stores, built barricades in streets and set them afire.

In East Berlin, at least five dissidents were arrested for staging demonstrations alongside official celebrations, dissident sources said.

In China, where authorities are struggling with a student movement for democratic changes, the Communist Party marked May Day by appealing to workers to resist forces of social instability.

In Japan, police said 1.1 million people took part in May Day rallies.

Bush and Cheney Differ On Gorbachev's Future

By Ann Devroy

Washington Post Service

NEW YORK — The White House and State Department have distanced themselves from predictions by Defense Secretary Dick Cheney that Mikhail S. Gorbachev, the Soviet leader, will fail in his efforts to change the Soviet Union and might be replaced by someone more hostile to the West.

Speaking aboard Air Force One while flying to New York from Washington, President George Bush was asked about Mr. Cheney's comments and said, "We want perestroika to succeed. Perestroika is Mr. Gorbachev's term for restructuring the Soviet economy."

The White House chief of staff, John H. Sununu, also said in a television interview that Mr. Cheney had not spoken for the president.

"I don't think that's the president's view," Mr. Sununu said Sunday on NBC. "I think the president

and Secretary Baker, in a sense, are hoping that Gorbachev's movement towards reform and restructuring the Soviet Union does succeed."

Mr. Cheney, in a CNN television interview broadcast Saturday, said of Mr. Gorbachev, "If I had to guess today, I would guess he ultimately would fail." He added, "That is to say, he will not be able to reform the Soviet economy to turn it into an efficient modern society."

When that happens, Mr. Cheney said, "he is likely to be replaced by somebody who will be far more hostile than he's been in terms of his attitude toward the West."

A spokeswoman for Secretary of State James A. Baker 3d, Margaret Turwiler, referred to Mr. Sununu's statement and noted that Mr. Baker had publicly supported the Soviet renewal efforts without predicting their outcome. Mr. Baker is due in Moscow on May 10 for discussions on U.S.-Soviet relations.

SWISS: Fate of an Army

(Continued from page 1)

ing from the part-time nature of the military.

The full-time complement of officers and noncommissioned officers numbers only a few thousand; many senior bank directors are part-time officers, rubbing shoulders not only in business but during the periods of military service required of Swiss men up to age 55.

Although the government and the ruling parties are firmly against the anti-army initiative, it has provoked some discussion in higher levels of the army. Lieutenant General Jean-Pierre Gremaud, one of the country's highest-ranking professional soldiers, told the Geneva newspaper La Suisse that the referendum puts the finger on the authorities' failure to inform the public exactly why Switzerland needs an army.

"If you want to change society," he said, "then I think there are other ways of doing it than by abolishing the army. We're not here to kill people but to act in legitimate defense."

The two governments still do not recognize each other, but in the last 18 months contacts have multiplied rapidly.

Miss Kuo announced Monday that the Taiwan delegation would attend the opening ceremony of the development bank meeting. She had been expected to stay away, partly to avoid contact with some Chinese officials who will attend the session.

Her arrival is the boldest move in a string of recent changes in Taiwan's policy toward the mainland. Last month, Taiwan announced that it would allow its reporters to visit the mainland on business. Previously, reporters could get permission to visit the mainland only on the pretext of visiting relatives.

Also in April, Taiwan allowed its first sports team — a squad of young gymnasts — to compete in a mainland competition and announced that direct telecommunications links would open soon.

Such links are banned now by Taiwan, although it is possible for people on the mainland to telephone or to send a telex to people on Taiwan.

The justice minister, Hsiao Tien-zang, even suggested that Taiwan might give up its goal of recovering the mainland if Beijing agreed to acknowledge that the Nationalists are an equally legitimate government of China, with sovereignty over Taiwan.

Communist officials have rejected the proposal and seem increasingly alarmed that Taiwan's more activist foreign policy may lead to independence instead of reunification.

In another sign of progress toward normalization of relations, more than 40 Taiwanese journalists are in Beijing to report Miss Kuo's visit. Even Nationalist-owned publications and broadcasting companies have sent reporters.

Limiting Damage? U.S. Keeps Quiet On Rift in NATO

By R.W. Apple Jr.

New York Times Service

WASHINGTON — In London, Bonn, Paris and Rome, indeed right across Western Europe, politicians and large segments of the public are hotly debating the new rifts in the North Atlantic Treaty Organization that West Germany has laid bare for all to see.

But in Washington and elsewhere in the United States, the difficulties within the alliance have produced few public signs of urgency and anxiety.

Some Bush administration officials said last week that they were increasingly irritated with Bonn for threatening NATO unity, but they said so only in unofficial remarks, and their voices were isolated. In most quarters, there has been an attempt to mute any talk of crisis.

"You hear no hues and cries and no debates in Congress," said Senator Joseph R. Biden Jr., Democrat of Delaware.

"Washington has failed to understand how much the Soviets have stolen a march in Europe, how much pressure Western European leaders are under from their people, and especially how much the rapid generational change in Germany has affected their whole notion of mutual defense and their country's proper role in it."

Some people suspect that the White House and the State Department may be more worried than they care to admit about the ability of the United States to dominate NATO to the degree that it has always done.

Richard K. Betts, a European specialist at the Brookings Institution, suggested that "the least damaging alternative for the United

States may be soft-pedaling the whole thing for the moment."

Senator Richard G. Lugar, an Indiana Republican, concurred, saying that the administration had not "found a way through this maze yet" and that it still remained unclear which countries supported the U.S. decision.

Compromise, which has so often rescued NATO in the past, may be more difficult this time.

A senior administration official, speaking on condition that he not be identified, said that there was little or no "wiggle room" in the U.S. position. He added that it would be especially hard for Chancellor Helmut Kohl of West Germany, having gone out on a limb in favor of negotiations with Moscow on short-range missiles, to crawl back when he is under immense political pressure at home.

Some European specialists in Washington think that the Kohl government's days may be numbered in any case. That, one of them said last week, could make the current difficulties seem trifling, given the mounting strength of the West German left and the Greens party in recent elections in West Berlin and elsewhere.

Still, the administration official said, President George Bush and his advisers hope that the NATO summit meeting in Brussels late this month will not degenerate into a fight over short-range missiles.

They want it to celebrate "40 years of perhaps the most successful alliance ever," he said, and to help evolve "a coherent and far-reaching description of NATO's role in ending the division of Europe we have lived with all that time."

NATO: Allies Seek a Compromise

(Continued from page 1)

first raised last year by President François Mitterrand of France, who has repeatedly sought to put off the decision about replacing the Lance missile until after parliamentary elections are held in West Germany next year.

The French fear that anti-nuclear sentiment in West Germany could undermine Mr. Kohl and lead to a coalition in Bonn of the opposition Social Democrats and the anti-NATO Greens.

To press their demand for negotiations with the Soviet Union on short-range missiles, the West Germans are shaping what is being called an "anti-Anglo-Saxon" coalition within NATO that includes Italy, Norway, Denmark, Greece, Spain and Belgium. Both Mr. Kohl and Mrs. Thatcher have been engaged in a flurry of diplomatic activity to recruit allies within the alliance, but the West German leader has so far had more success.

Since NATO's 16 members make their decision by consensus, various diplomats said, a compromise will have to be struck between Washington and Bonn.

But a compromise is being complicated by a deep personal antipathy toward Mr. Genscher among senior officials in the Bush administration, according to U.S. diplomats and officials.

Still, various NATO officials said they were confident that some way would be found to paper over the gap separating the Anglo-Saxon and the German positions on short-range negotiations.

Although Washington and London are fearful of the so-called short-range "zero solution," the Soviet Union has not categorically declared this to be its goal.

Some diplomats predict that Mikhail S. Gorbachev, the Soviet leader, may formally endorse the idea of a zero solution when he visits Bonn next month.

British-German Discord

Mr. Kohl and Mrs. Thatcher failed in extensive talks Sunday to narrow their differences over short-range nuclear weapons, and the result left NATO without a clear solution to the dispute. The Washington Post reported from Deidesheim, West Germany.

Neither leader referred to the question of proposed East-West negotiations in a news conference after more than three hours of meetings. Both acknowledged that they differed over the short-range nuclear issue, and Mr. Kohl pointedly refused to agree publicly with a statement by Mrs. Thatcher that he opposed scrapping short-range nuclear missiles altogether.

Instead, Mr. Kohl reaffirmed his government's stand, leaving open the possibility that all short-range nuclear arms might eventually be abolished.

Ethnic Albanians Cited In Kosovo Explosion

Reuters

BELGRADE — Ethnic Albanian nationalists set off an explosion near an electricity line in Yugoslavia's troubled Kosovo province Monday, the official Tanjug news agency said. No serious damage was reported.

Tanjung said the explosion occurred in the district of Podujevo in Kosovo, which borders Albania and was the scene of clashes in March between police and ethnic Albanian demonstrators.

Troubled Opera House: Irony's Lightning Rod

By James M. Markham

New York Times Service

PARIS — "You can look with your ears and hear with your eyes!" exclaimed Michael Dittmann, emitting a booming "la" note that ricocheted off the wall of the 2,700-seat auditorium, rippling across to the other side as if in a canyon.

The Bastille Opera's scenic director pivoted and followed the la's rolling progress with deep professional satisfaction.

The hulking Bastille Opera, which is transforming a nine-story Paris neighborhood into the city's latest real-estate Gold Coast, is a technical marvel. Yet, the ocean-liner-shaped structure is not finished and it does not have a musical director and, thereby, is becoming an embarrassment to President François Mitterrand, who seven years ago ordered it built.

A monument that was to be a centerpiece of the celebrations marking the 200th anniversary of the French Revolution has become a lightning rod for ridicule. "What is the difference between the Bastille Opera and the Titanic?" runs a current Paris joke. Answer: "The Titanic had an orchestra."

If all goes according to what might loosely be called a schedule, President George Bush and other heads of state, in town for a summit meeting of industrial democracies, will attend an inaugural evening of French opera arias on July 13 at the

Bastille. Leonard Bernstein will probably conduct a youth orchestra from Schleswig-Holstein on July 16; two other evenings still need to be filled.

Yet, this will be a Potemkin village of music, for once the four-day show is over, the hard-lashed crews that have been working night and day to get the place ready will resume their labors in the vast high-tech pits behind the main stage.

And Pierre Bergé, the haughty haute couture magnate chosen by Mr. Mitterrand to run the Paris opera, will continue his search for a musical director who can put together a program to open in January 1990.

The storming of the Bastille, a forbidding fortress that was subsequently torn down, resulted from a semicentury chain of miscalculations and misunderstandings that ended bloodily in July 1789.

The story of the Bastille Opera is also studded with blunders.

According to highly placed French officials, the selection of Carlos A. Ott, a young Canadian architect, to design the opera was a mistake. In a "blind" competition, Mitterrand sides thought they had identified and chosen the plans of the architect they really wanted, Richard A. Meier, the renowned American. But in fact they had picked Mr. Ott's more restrained and Jacques Chirac, the con-



The ocean-liner-shaped Bastille Opera began to list seriously in January, when this photo was taken.

servative mayor of Paris who was prime minister between 1986 and 1988, delayed the construction of "the modern and popular" opera envisioned by the Socialist president.

Yet, the liner Bastille really began to list in January after Mr. Bergé, the head of the Yves St. Laurent fashion empire, dismissed Daniel Barenboim as its musical and artistic director.

The dismissal of the Israeli director, on the ground that his \$1.1 million salary was too high and that the rich musical program he had organized was too ambitious, provoked the defection of an all-star lineup that had been put in place. Although Mr. Bergé promised to name a new musical director quickly, he has not done so.

Various candidates have been bruited in the press, among them Mr. Bernstein, James Levine and Elihu Newbald, but Mr. Bergé is said

to favor Marek Janowski, director of the Radio France Philharmonic Orchestra. The testy Mr. Janowski is reported to want to bring his orchestra with him.

Reset by labor disputes at the Palais Garnier opera house, Mr. Bergé is under siege. Once accessible to the press and television, he recently canceled his appearance on a high-visibility talk show and has gone into what looks like a sulk, provoking rumors that he might be replaced.

Mr. Ott once spoke of the Place de la Bastille as "a void" and of his looming construction as "the reconquest of the urban center by the architecture of our times." But if L.M. Per's pyramid in the heart of the Louvre has gradually captured many Parisians' grudging sympathy, the popular verdict on the Rubik's Cube exterior of the Bastille Opera is thumbs-down.

"It's surprising looking," said Maurice Solignac, the owner of a restaurant that flanks the new opera, melding into its mass. The 68-year-old restaurateur was doing his best to sound polite about the architectural Moby Dick beached on his doorstep. Yet, from a business viewpoint, he could only be upbeat.

As land values soar in the Bastille quarter, rising from \$1,300 to more than \$4,000 per square yard in the last five years, the area is undergoing the gentrification that overtook the next-door Marais district in the 1970s.

It is becoming chic to move into the eastern neighborhoods of Paris thanks to the Bastille Opera and, on the horizon, a vast new library that Mr. Mitterrand is having built near the Gare d'Austerlitz.

Some long-time residents are making killings by selling off their properties, and so are the furniture makers who have long put their stamp on the neighborhood.

Taipei Sends First Official to Beijing

By Nicholas D. Kristof

New York Times Service

BEIJING — Forty years after Communist forces sent China's Nationalist government fleeing to Taiwan, Shurei Kuo, Taiwan's finance minister, has become the first official of that island to return. She arrived in Beijing on Monday.

While Miss Kuo has emphasized that she is in China only to attend the annual meeting of the Asian Development Bank and that she will avoid political contacts with mainland officials, her presence is the clearest sign so far of the easing of tensions.

The two governments still do not recognize each other, but in the last 18 months contacts have multiplied rapidly.

Miss Kuo announced Monday that the Taiwan delegation would attend the opening ceremony of the development bank meeting. She had been expected to stay away, partly to avoid

Herald Tribune

Published With The New York Times and The Washington Post

Stalin's Empire Stirs

"Repentance" is a bold movie made in Soviet Georgia in which the corpse of a dictator very much like Stalin refuses to stay put. This is no symbolic fantasy for Mikhail Gorbachev. He faces a revolt in Stalin's native land against a colonial system that Stalin made worse.

For all its socialist pretensions, the Soviet Union is the last old-fashioned colonial empire. Ethnic Russians, roughly half the population, dominate 104 separate nationalities in 15 union republics, 20 autonomous republics and 18 national districts. And Moscow often justifies its primacy with familiar arguments about indigenous peoples benefiting from modern schools and factories.

A salutary result of glasnost is that non-Russians are finally able to appeal openly for autonomy, even independence. Inescapably, hard-liners use the resulting disorders to discredit reforms. And in Georgia, where riot troops used toxic gases and shovels against unarmed demonstrators, Mr. Gorbachev's supporters blamed local party leaders. That reproach followed a visit by Foreign Minister Eduard Shevardnadze, a Georgian and the only non-Russian in the Politburo, who once fought successfully for the making of "Repentance."

In sympathizing with campaigns for autonomy, Americans need not become embroiled in ancient disputes among vying nationalities. Georgians are angrily asserting their continued rights over Abkhazia. Elsewhere in the Caucasus, Armenians and

Azerbaijanis battle over who should control an Armenian-inhabited enclave within Azerbaijan. Advice from the United States would only stir resentment.

As in "Repentance," the rage among subject peoples owes a good deal to the craftiness of the old Georgian despot. As commissar of nationalities, Stalin drafted a Bolshevik decree in 1917 promising self-rule and the right to secede. After victory, the promise was instantly withdrawn. As Stalin's power grew, so did his determination to reclaim every inch of territory belonging to the czars, from the Khanates of Central Asia, Armenia and Georgia to the three Baltic republics annexed in 1940 as a result of a pact with Hitler.

In World War II, Stalin resorted to forced Russification, fearing that subject peoples might turn to Nazis as liberators. Seven entire nations were deported en masse: Volga Germans, Crimean Tatars, Kalmyks and four Caucasian peoples. History was rewritten to justify, even sanctify Russian rule. Old national heroes were now discovered to be Western stooges and spies. And the juggling of peoples resulted in no less than 35 boundary disputes.

Hence the outbursts of passion as long-repressed peoples reclaim their past, fly old flags and sing forbidden anthems. Americans can best help by applauding these new freedoms while staying well out of irredentist arguments.

—THE NEW YORK TIMES

The PLO in a Hurry

The PLO, which declared itself a state, now seeks admission as a state to the whole family of international organizations, starting with the World Health Organization, whose assembly opens in Geneva on May 8. The United States opposes the application, and rightly so, and so should everyone else who cares about the health of international diplomacy and about the health of international organizations, too.

To see what is objectionable about the PLO's WHO application, you have only to look at the paper it is written on. There at the top of the application letter and in a stamp at the bottom is a physical representation of the newly proclaimed state of Palestine. It includes all of Israel, pre-1967 and post-1967. It is in fact the Palestine of the offensive Palestinian National Covenant, the familiar charter of the Palestinian national movement that declares the state of Israel null and void. To be sure, and fortunately, the covenant's chilling state-killing words have been more or less contradicted by some of the statements made recently by the PLO leadership, but the objectionable language remains unamended in the charter.

Palestine as a state exists in the hopes of Palestinians. The idea may be in the air, but

the new state that the PLO is asking WHO to admit does not exist in a territorial or political medium, and it wipes out symbolically an already existing member state.

Washington accepts the PLO as representing the Palestinians but rejects the PLO's claim of a state. It believes that the particular form that Palestinian political aspirations finally take should emerge from negotiations — not from unilateral declaration and not from international pronouncement, either. At this point that is a sound approach, and we hope that the WHO assembly takes it and sets the PLO application aside as negotiations proceed elsewhere to make the political status of the Palestinian people an accepted and agreed international reality.

Otherwise, the objections of the U.S. administration and Congress will ensure a new battle in Geneva, and this could only spill a corrosive political poison upon an organization that has much important nonpolitical work to do. The same goes for the other international agencies. If the PLO presses its suit there, it will take on the responsibility for politicizing agencies that are only now emerging from their last costly and extended bruising by the Palestinian issue.

—THE WASHINGTON POST

The 'Fusion' Circus

For the last month, scientists around the world have been poised between deepest doubt and highest hope. The University of Utah claimed on March 23 that two researchers had learned how to fuse atomic nuclei at room temperature. Despite a month of attempts to repeat the Utah experiment, no one yet knows if the claim will evaporate in smoke and recrimination or prove the first step to a revolutionary new source of energy.

Conventional attempts to attain fusion rely on multimillion-dollar machines working at enormous temperatures. So it was thrilling to hear that Stanley Pons and Martin Fleischmann, with simple equipment and a mere \$100,000 of their own money, had apparently attained fusion at room temperature by passing electric current through heavy water and a palladium electrode.

But the two apparently neglected a basic caution that scientists have learned to impose on themselves for fear of being carried away — a control experiment, like repeating the test with ordinary water instead of heavy water. The University of Utah encouraged them to hold a press conference when the report of their results had been submitted to Nature, a leading scientific journal, but not yet accepted by its editors. When the journal's referees raised criticisms, the authors said they were too busy to respond and withdrew the paper.

None of this means that the claim is wrong, just that at present it totally lacks the guarantees of reasonable credibility that attach to research claims published in refereed journals. Given such nakedness, the University of Utah should be embarrassed

indeed that many competent laboratories have been unable to repeat the Pons-Fleischmann experiment. Two teams which at first reported having done so later withdrew their claims. A rival group, at Brigham Young University in Utah, has now published a similar claim, but the few neutrons it reports as evidence of fusion may not greatly exceed those that occur naturally.

The claims of cold fusion could still turn out to be correct; even if not, they have sparked scrutiny and theorizing that could lead others to a fruitful attack. But it is equally possible that a subtle experimental error or self-deception will be the explanation. It is just such errors that the procedural safeguards of science are designed to catch. Imperfect though they are, the safeguards have saved many from the pitfalls of wishful thinking and overenthusiasm.

Chase Peterson, president of the University of Utah, appeared before a House committee recently to drum up federal funds. Asked how much, he replied, "The figure that comes to mind is \$25 million." Given the present state of evidence for cold fusion, the government would do better to put the money on a horse.

For Mr. Pons and Mr. Fleischmann, the best bet is to disappear into their laboratory and devise a clearly defined, well understood experiment that others can reproduce. Until they have that, they have nothing. As for the University of Utah, it may claim credit for the artificial-heart horror show and the cold-fusion circus, two milestones at least in the history of entertainment, if not of science.

—THE NEW YORK TIMES

Other Comment

Straddling Two Eras in China

The 150,000-strong student march to Tiananmen Square in Beijing last week shook the ruling elite. After ignoring, then attempting to discredit the student protests, the government finally tried discussion. It had not worked. The students continue to demand genuine changes. They have rejected as a sham talks held at the weekend, and are now busily trying to elect leaders to act as official representatives. They want greater democratic freedoms and an end to the nepotism that pervades the country's leadership. Their movement has established a momentum that the government will find difficult to halt, even to deflect. Deng Xiaoping was

thought to be hostile to the student protests. Western observers are wondering whether he is up to the task of responding and, if he is not, who could take over the helm.

In this line of contrast with the Soviet Union, Mikhail Gorbachev has startled his people and his party with the pace of reform. He has turned popular feeling to advantage. But in China the leadership has lagged behind public feeling. Despite some significant economic liberalization, the country retains censorship and electoral laws that are, even by socialist standards, primitive. Until political change catches up with the other reforms, China will find itself trying to straddle the past and the present.

—The Age (Melbourne)

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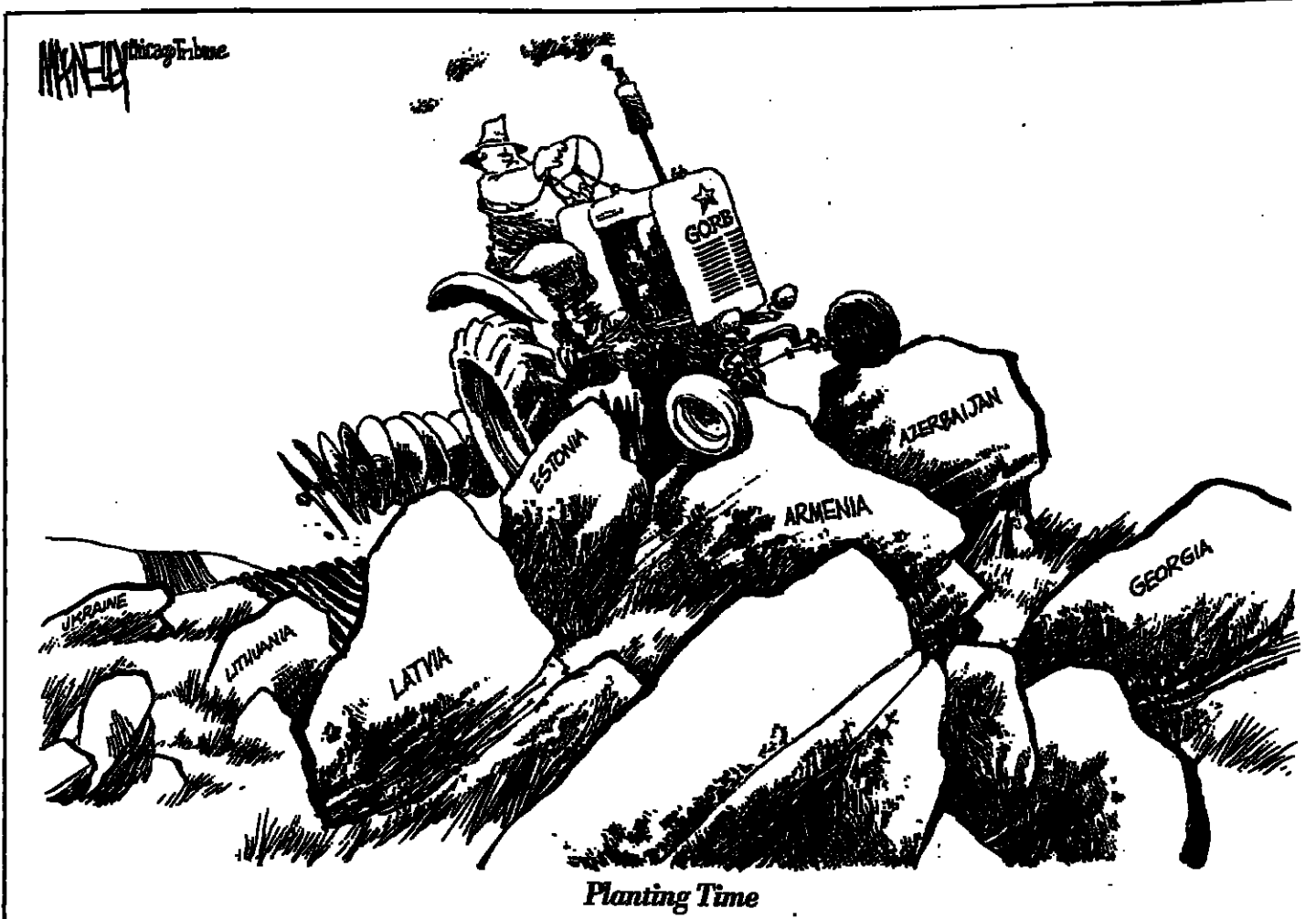
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OPINION



Planting Time

NATO: The West German Position Makes Sense

By Flora Lewis

F RANKFURT — The tempest over Bonn's call to negotiate with the Soviets on short-range nuclear missiles in Europe should be kept in a tepid.

That Helmut Kohl is a bumbler can't be news to anyone, and his natural insensitivity is compounded by his panic at losing votes. His foreign minister, Hans-Dietrich Genscher, is pushy, which is politically rewarding in West Germany these days. But their mishandling of relations with Washington is a minor matter. It obscured real issues that America is not addressing and conjured up phantoms that aren't there.

The Federal Republic does not want to undermine, let alone quit, the Atlantic alliance. It does not want American troops to go home. It mouths the traditional platitudes for German reunification, but it knows there is nothing doing for a long time to come. The Soviets wouldn't dream of it.

A week visiting NATO headquarters, Bonn and U.S. forces in Germany showed what does seem confronting in the "modernization" debate.

First, "modernization" is a euphemism, typical of NATO-speak, to avoid clarity, the supposition being that the public must be homeswoggled if defense is to be "sold." What they are talking about is a new missile with

about double the range of the existing Lance, which is becoming obsolete.

The arguments for it are essentially political, although there would also be military advantage in the package deal that the NATO commander, General John Galvin, supports.

Senior German officials, civilian as well as military, remain dedicated to the "concept of prevention of war by deterrence on the basis of appropriate cooperation of adequate and effective nuclear and conventional forces."

That quote is from the formal government statement taken to Washington last week. It means rejecting a denuclearized Europe, and replacing Lance missiles when they are no longer serviceable, unless East-West talks produce drastic change in the military balance.

The most important reason is that the notion of "risk shading" is the heart of the alliance. So long as nuclear weapons are useful in making a major war unthinkable, and I think they will be as far as we can foresee, the United States needs to be assured that it will not be left alone in a threatened nuclear exchange. "No president can be asked to trade Boston for Hamburg," is the way one important German put it.

lose 'em' early after attack and would improve NATO's strategy.

The issues are whether this stabilizing shift should be made unilaterally or in negotiations with the Soviets, and when. U.S. authorities tend to favor a unilateral decision.

They would rather give up the chance of constraining the Soviets than accept a constraining agreement. I think it is bad policy, stemming from underlying reluctance to develop new ideas for a new era. The attitude at NATO can be summarized as: We kept the peace by staying firm and resolute in the trenches. We won. So let's stay in the trenches.

Unwillingness to negotiate also stems from fear of a "third zero," public pressure to remove all nuclear weapons. This pressure is unreasonable, based on the INF treaty's "debatable zero," which was proposed by the United States. Washington doesn't have to make the same mistake again.

The German call for negotiations and eventual deployment at lower common ceilings, linked to conventional force reductions, makes better sense politically and militarily.

Washington, still fumbling for a strategy on dealing with Mikhail Gorbachev, needs to see the light. Mr. Kohl has been clumsy, but not foolish. The New York Times

Cambodia: Sihanouk Is Needed in Phnom Penh

By James Pringle

P OIPET, Cambodia — Just 40 meters away, across the battered bridge that joins Cambodia and Thailand, the Thai flag flutters. A group of four Thai soldiers peer across the closed frontier at our party, which is escorted by khaki-clad soldiers of the Vietnam-supported regime in Phnom Penh. Soon, if there is a political settlement that ends the fighting in Cambodia, this bridge may carry traders and Western tourists into the land of the temples of Angkor Wat.

In the torrid heat, a drum in a Buddhist temple on the Thai side of the border calls monks to prayer. The sound carries soothingly across a no-man's-land infested with mines. "Things are very quiet," says Captain Em Sokun, a military commander in this region of western Cambodia. "There is no tension," he adds. A skull-and-crossbones sign at the end of the bridge offers a less reassuring message. It warns travelers to go no farther.

War is not far away from Poipet, as I saw during a 48-kilometer (30-mile)

ride to the frontier on top of a Soviet-made armored personnel carrier from the town of Siem Reap. This westernmost area of Cambodia may be vulnerable after Vietnam completes its scheduled troop withdrawal from Cambodia by the end of September.

Vietnamese diplomats believe that forces of the opposition coalition headed by Prince Norodom Sihanouk might seize one or two provincial capitals after Hanoi's troops pull out. However, the diplomats doubt that the resistance could hold the towns more than a few days.

This area faces several coalition military bases in Thailand, and Sihanouk has been shelled twice already this year. There are up to 2,000 Khmer Rouge and Khmer People's National Liberation Front fighters operating in the province. Together with Prince Sihanouk's forces, these two groups form the armed opposition to Vietnamese forces and the government in Phnom Penh, which

calls itself the People's Republic of Kampuchea, or PRK.

Such fighting would no longer be necessary if a key meeting in Jakarta this Tuesday between Prince Sihanouk and Hun Sen, prime minister of the Phnom Penh regime, bears fruit. In an interview in Phnom Penh, Hun Sen cited the Vietnamese troop withdrawal, free markets and a revival of Cambodia's traditional Buddhist religion as reasons why Prince Sihanouk should settle. "Anything they want, we already have it here — indeed, more than they asked for," he said.

Hun Sen said in Bangkok on Monday on his way to Indonesia that the PRK had agreed to change its name to the State of Cambodia in another concession to help settle the conflict. However, the prime minister and his Vietnamese backers still refuse to accede to their opponents' demand for simultaneous replacement of the resistance coalition and the PRK by an interim administration of national reconciliation pending internationally supervised elections.

Prince Sihanouk says the interim administration should be drawn from the PRK and the three coalition factions, with each of the four participants having equal political representation and arming only 10,000 men. However Khieu Samarin, editor of Kampuchea, a PRK publication, asserted that if Hun Sen's government is dissolved "the coalition will get everything" and the PRK will lose everything. "For his part, Prince Sihanouk is a PRK administration under the guise of a PRK administration whose troops were also providing most of the security to Hun Sen and his People's Revolutionary Party of Kampuchea."

Despite obvious changes in Cambodia — booming markets, traffic jams in the capital and a revival of agriculture — has the PRK really abandoned its Marxist ideology, earlier imposed by Vietnam, or is the more liberal posture merely a tactic to win popular support in a crucial period before there is a reversion to regimentation and state control? General Pol Pot, a former Khmer Rouge commander who is now chief of the PRK armed forces, said recently that "Marxism-Leninism is the path to follow, the choice made by our people because it means justice, humanity and civilization." Who says the Cambodian people made that choice? Who asked them?

And just how free is the PRK of continued Vietnamese domination? Hun Sen frequently asserts that his country is completely independent and sovereign. Why, then, is Pen Sovan, a former PRK defense minister who was removed from office in 1981 for allegedly being "too nationalistic," still under house arrest in Hanoi and not, if he has to be detained, in Phnom Penh? And why does Nguyen Cao Thach, the Vietnamese foreign minister, still speak out in opposition to a United Nations peacekeeping

and supervisory force in Cambodia's transitional period? Is that not the business of the Phnom Penh regime?

Conventional wisdom in Phnom Penh has it that Prince Sihanouk's influence has eroded as the PRK liberalizes the economy and offers farmers the right of private land ownership. "Sihanouk is a symbol of the prowar period, of the good times," noted one foreign relief worker with long experience in Cambodia. "But as people acquire more freedom without Sihanouk, they are going to stop thinking about him."

But on a 10-day journey from Cambodia's border with Vietnam to its frontier with Thailand, I encountered a ground swell of support for the prince. Despite his considerable mistakes in the past, there is a longing for his return, providing he does not come back with the hated Khmer Rouge. Prince Sihanouk, I found, seems to offer a link, however tenuous, with Cambodia's gentler past.

As a possible future head of state, with Hun Sen as prime minister in charge of day-to-day affairs, the prince would offer a Cambodian government instant legitimacy, with resulting international recognition and aid. He could be a powerful voice in urging China to rein in the Khmer Rouge. He could also be expected to stand firm against rapacious Thai capitalists seeking to exploit Cambodia's gems, timber and other natural resources. And he would be a sentinel against Vietnam's continued desire to dominate its two smaller neighbors in Indochina, Cambodia and Laos.

The writer, who frequently visits Cambodia and Thailand, was formerly Newsweek magazine's staff correspondent in China and Southeast Asia. He contributed this comment to the International Herald Tribune.

100, 75 AND 50 YEARS AGO

1889: Royalists Meet

PARIS — Between 1,000 and 1,200 persons assembled at the Salle Wagram last evening (April 30) to celebrate the fête of the Comte de Paris. A large number of the most prominent members of the Royalist party were present. Mr. Ferdinand Duval, who presided, had a word to say to Mr. Jules Ferry who has lately preached a Republic open and acceptable to all. The Monarchist orator regarded the aspirations of the Opportunist leader as Utopian. "The Republic," he said, "might pass from the hands of the radicals into those of the moderate, but it would never be anything but a government of discord and oppression."

1914: Huerta Accepts

WASHINGTON — General Huerta has accepted the proposal for the cessation of hostilities between the United States and Mexico during mediation. Until, however, it is known

In Britain, A Special Relationship

By Jim Hoagland

LONDON — As the Airbus flies, London is 200 miles from Paris, as close as Washington is to New York. But British and French societies are still separated by a giant gulf as well as by a narrow channel. The Sheffield soccer stadium tragedy and this week's 10th anniversary of Margaret Thatcher's rule illustrate an enduring European dichotomy.

Mrs. Thatcher's decade, first: It has revitalized Britain's professional and monied classes. Thatcherism has made the pursuit of wealth not merely socially acceptable again but socially desirable. Tax cuts have enlarged the consuming class and turned its members into Tory shock troops.

But when Jacques Chirac last year espoused a French version of Thatcherism and promised that he would make voters rich, if they made him president, he was buried at the polls. It was not so much that the electorate disbelieved Mr. Chirac, many who voted against him did so knowing that they were forgoing tax cuts.

The vote reflected an unarticulated judgment that there is still in France a certain embarrassment about ostentatious wealth and the pursuit of money, especially as a result of government policies. Mr. Chirac's appeal was not enabling, a quality the French still demand from their politicians.

There is still a sense of wholeness, or of solidarity if you will, in French society that 10 years of Thatcherism has diminished in Britain. The French lack the vitality and enterprise that is apparent in business and finance in Mrs. Thatcher's England, but they have avoided the sharp social conflicts and disparities that are written across the face of Britain today.

This is not to dredge up the much rehearsed widening gap between the haves and have-nots in Britain, or the division between a prosperous south and economically devastated north. These will be sufficiently explained away by conservative commentators and pointed to accusingly by liberals as these divisions are not only the result of Mrs. Thatcher's time in office, but also of the long periods of Labor rule and the spiritual "proletarian politics" that helped destroy the power and self-esteem of the working class.

As an American who lives in France and visits England periodically, I am struck by the difference in the way in which the working class in each country views itself. In France the working class is still respected by society at large and by itself. In England a visitor frequently senses that this class not only is despised but has come to despise its place in society.

"You find you are dealing with people who live by class and tradition and by policy," said a friend of a former Labor politician driven from office by militant union members. The quotation is cited by Robert Chesney in his penetrating book on Mrs. Thatcher's England, "The Return of a Native Reporter." Through arrogance and hatred, the unions broke themselves in public opinion and brought Mrs. Thatcher to office on May 4, 1979.

The Sheffield disaster underscores the extent to which indifference and disdain have grown toward the working and underclass of England's northern cities left out of the Thatcher renaissance. This tragedy, in which 95 persons were crushed to death against a steel fence in a soccer stadium, could only have happened to surplus people.

The French media immediately explained why this could never happen in France. Fences at French stadiums are constructed to open automatically in an emergency; fans are not herded onto standing-room-only terraces by antagonistic policemen; and, the French soccer sports news, with evident regret, the French don't turn out for soccer now in numbers large enough to produce a crush.

But two weeks of postmortems in the British media on the Sheffield deaths point to the more fundamental social difference. In the economically and culturally impoverished districts of the north, soccer has become an occasion for organizing and confining violence on a class basis.

The suffocating crush developed because of a police decision to open the stadium gates to let a flood of last-minute arrivals into the stadium. Why did they do this? To avoid violence in the streets around the stadium, British newspapers report matter of factly. In most of these accounts, the decision to shift and hopefully confine the violence inside the stadium was portrayed as routine and understandable.

That is, in itself, a chilling commentary on the state of social relations in Mrs. Thatcher's England at age 10.

The Washington Post

1939: Japan Adopts

TOKYO — In a written declaration, Tatsuoka Kawai, Foreign Office spokesman, today (May 1) told the United States to stay out of the Far East unless it is prepared to share the Japanese viewpoint. He approved the recent Hitler speech, saying, "The pure and simple rejection by Chancellor Hitler of the right of intervention claimed by England and the U.S. aroused our warm sympathy."

OPINION

Europe Will Confederate And Try to Trust Moscow

By William Safire

LONDON — "Whither Europe?" is a question that usually causes great, jaw-dropping yawns in the United States. But in a few years the nations of Western Europe are scheduled to come together in a vast single market that some fear will rival economic superpowers like the United States and Japan. Time now to size up the myth and reality of "1992."

Despite a multinational bureaucracy busily trying to entrench itself in Brussels, the nations of Europe have not yet decided whether to confederate or federate. The difference is as day and night. In a confederation, as colonial Americans learned 200 years ago, individual states retain sovereign rights; to form a unified power, federation must be agreed upon, leading to a common currency and majority rule. Southerners who thought the United States was a confederation learned otherwise in the Civil War, when the full meaning of federation — union — was made clear.

France wants federation in Europe. The French invented bureaucracy, and French officials delude themselves that their administrative and diplomatic skills will allow them to satisfy but firmly direct the political and social life of the European Community down socialist lines: workers on boards, job-security sclerosis, farm subsidies.

The British, having rescued themselves from socialist stagnation, do not want federation. Margaret Thatcher wants confederation, cooperation — but not amalgamation. She sees the single

market as a force for free markets, wider choices and reduced government intervention; she must know that this is not what the others have in mind, and for that reason she will not extend her wrists to the handcuffs of a common currency.

Where do these national cross-purposes leave the single market? Germany looks to the East not only for reunification but for all that its militarism of the past could not deliver: effective economic control of Central and Eastern Europe, with Italy a willing vassal. There have been, and will be, no hostile takeovers of German companies.

France looks meekly to Germany and has become equipped by its newly assertive neighbor, as Joseph Fitchett wrote perceptively on Friday in the *International Herald Tribune*. For a generation, the Franco-German relationship was the center of gravity in Europe, but as Germany turns eastward, France is a bride pined at the altar.

Britain, always an island, seeks ways to trade actively with confederates on the Continent, but is aware that westward, look, the land is both bright and dependable. Unless recession brings socialism back, Britain is likely to be a bridge between the North American and European markets.

Fortress Europe? Forget it; businessmen in every European country are already figuring out ways to beat the bureaucrats in Brussels, which will be good for world trade and bad for stabilizing regulation. All the talk about an economic superpower that will shoulder aside the Americans and Japanese in world markets comes from self-important French Socialists trying to compensate for their declining influence.

In this loosely confederated 1992 Europe, U.S. influence is bound to lessen. America will be withdrawing the last of its troops as the cured invalid called NATO throws its crutches at the doctor. That's the shape of the new, streamlined single market Europe — if the current stream of events flows along.

But what if the Red Army gets into politics? What if Poland or Hungary moves too fast toward freedom for the Soviet taste, or if national pride demands independence in the Baltic or the Ukraine? And what if the Soviet Union responds by trying to retain the Soviet empire with brutal means?

Then Germany would hurriedly dump Genscher and fall back on France; the French would find new allies in the bridging British; and the democratic nations of Europe would find a new need for the vanishing Americans. Genies would be jammed back into bottles and toothpaste squeezed back into tubes.

Whither Europe? The answer is plain: Europe will eagerly follow Germany eastward, trusting in the continued need of the Soviets for time to rebuild their failed system. But if the trust is misplaced, Europe will whip around and demand massive help in containing a resurgent Soviet threat.

The New York Times.



LETTERS TO THE EDITOR

All the Beirut Hostages

The last time I saw my friend Tom Sutherland, dean of the Faculty of Agriculture at the American University of Beirut, was Oct. 10, 1984, in Amman. That evening we talked about the possibility that he might be kidnapped. Tom said he was aware of the risk but was committed to doing what he could to help the Palestinian young people who make up much of the university's student body.

One morning a few months later, while I was dressing for work I heard on the BBC that another American had been taken hostage. I called downstairs to my wife, "I'll bet they've got Tom Sutherland." They did, and there he barely exists, along with Terry Anderson and the other Western hostages.

As a journalist myself, I find it a little obscene that Terry Anderson (bless him!) should be singled out for special attention just because he is a journalist. We learned in March of the formation of a Journalists Committee to Free Terry Anderson. Surely the families of other captive mortals, like deans of agriculture, suffer a little more when they see that journalists have formed an organization to work for the freedom of a colleague. Fellow journalists, please change the name of your organization to Journalists Committee to Free the Beirut Hostages. Terry Anderson (bless him!) is only one among 17.

ALAN FLETCHER
Wassenaar, Netherlands

And They Call It a War

It is ironic that the United States, with its huge military budget, can be intimidated by Peruvian drug traffickers

("Threats Halt U.S. Drug War in Peru," April 14). The war against drugs should be exactly what the name implies — a war. If traffickers or leftist rebels were killing thousands of U.S. citizens in Peru, there would be armed intervention by U.S. forces. At present, thousands of Americans are being killed by cocaine from Peru, Bolivia and Colombia.

U.S. forces should establish air bases in these drug-producing countries. Cocaine-processing laboratories should be destroyed by helicopter-borne troops. Coca fields should be sprayed with herbicides. To kill a diseased tree you don't try to pluck off the leaves. You attack the base and cut it down at the roots, regardless of whose property it is on.

EDWARD E. DORSON
Gilleje, Denmark

Better Secure Than Nice

In response to "South Asia: Under an Indian Version of the Monroe Doctrine" (Opinion, April 12):

India's foreign policy has for too long suffered from Gandhian morality of self-abnegation such that a Harvard professor recently wrote that India was "too nice a country" to enter the arms market. Peace and stability in South Asia have become more apparent only since Rajiv Gandhi reversed some of the moral restraint preached by Nehru and the Mahatma.

M. K. AGARWAL
Paris

What About My Clubs?

Back to the guns and golf matter ("The Guns in My Closet Are None of Your Business," *Meanwhile*, April 6). As a hunter and a golfer, I can assure Michelle Glauser-Grenier (*Letters*, April 19) that in the hands of a lunatic,

Londoners Are Drowning in Dignity

By Jackie Mason

LONDON — Which city do you like better, New York or London? I was accosted with this question every night after my show for three months.

If you want to live in London, don't push, don't rush, don't yell, and keep saying thank you, whether there's a reason for it or not. New York has everything except dignity. London is drowning in dignity. People are so busy being dignified, they can't move. You can't disturb or ruffle anybody in this city.

I'll bet they don't sell half as many upset-stomach tablets or headache pills in London as they do in New York. Any form of emotional expression here is too human to be dignified. Unless you go to some working-class pub, you can forget that people actually have the capacity to raise their voices. An Englishman would rather be caught dying than screaming. If a man was drowning, he would be embarrassed to holler "Help!" He might ask for it, or suggest it, but he wouldn't yell for it.

If you want to make a fool of yourself, London is the best place to do it. No one will accuse you of stupidity. Propriety is more important than making sense, and a person's right to be

stupid is more respected here than in anyplace else in the world.

You could say, "I'm climbing Mount Everest in the nude," and 10 to 1 you'd hear, "What a smashing idea!" You could say, "I think elevators should be eliminated and the floors should go up and

MEANWHILE

down." People would say, "Brilliant. Brilliant!" If you walked around saying "Merry Christmas" in July, people would probably say "Happy New Year" the next week because they wouldn't want you to feel mixed up. If they were in New York, they'd be saying "Call 911 and get a straitjacket for this maniac."

An Englishman would suffer any indignity in his determination never to appear impolite. In New York, when people are waiting to use a public phone, by the time two minutes pass one out of two will ask you, "How long do you think you're going to be?" One out of three will yell, "Hey, buddy, did you buy the phone company?" And one out of four will threaten to grab the phone and hit you over the head with it.

In London, they just stand there with an expression like a floating coma. They won't move even if you take a weekend, self-consciously keeping their distance, trying not to look too much as if they're actually waiting. If you relinquish the phone after two hours, the waiting person, by now dizzy, sick, miserable, hungry from skipping lunch, with every right to feel outraged and disgusted, will instead meekly apologize: "I'm sorry, I'm sorry," pleading forgiveness.

If you splattered a man with a bottle of ketchup, you could never tell from listening to the apologies who the guilty party was, because the man with the ketchup on his shirt would be pleading forgiveness more loudly than the one who did it to him. The victim would be saying, "I'm sorry, I'm sorry, it's my own fault, my shirt should never have been under your ketchup bottle."

The whole atmosphere in London is unbelievably soothing. New Yorkers look frantic. They look like they're being chased or trying to catch somebody. People never walk slowly, even if they have no place to go. There's nothing more pathetic to a New Yorker than somebody who doesn't look busy.

That's why every New Yorker has an appointment, even if he can't remember what it's about. People are constantly making appointments that mean nothing. That's why most of the calls are just to find out who called. The most common expression in New York is not "Hello" or "How are you?" They run a poor third. The most common expression is, "Can I use your phone?" followed by, "Did I get any calls?"

In London, that kind of preoccupation would be an outgrowth of a £50 million business. In New York, these are the preoccupations of people who don't even have jobs. People think the greatest fear in New York is crime in the streets. That's a lie. The greatest fear is to be seen walking slow in the streets, because

if you're walking slow, you are admitting you have nothing to live for, or at least, that you don't expect a telephone call.

In London, you don't measure your success by how busy you are, because the most important people usually have no appointments at all. The class system dictates that the most important people are still those with titles, who usually don't do much for a living.

All you have to do is say, "I'm Earl or Duke or Lord Anything," and even the most jaded Englishman will suddenly jump and salute as if he were in convulsions and start whispering, "Yes, sir, yes, sir." That's why people are comfortable about not looking busy. Because people who are busy making millions are all their lives still subservient to titled people whose only activity is listening to the announcement of their own name.

Englishmen tell you the class system is evaporating. But they constantly betray the fact that they really don't believe it. It's no accident that about one-tenth as many people in England go to college as in America. They sound cultured but it comes from the culture not from education. In America, people listen to preachers about the American dream. No one ever heard of the English dream. An Englishman doesn't think of his children working their way to the top; he thinks of them working.

The most surprising irony about English behavior is how unfriendly they are. New Yorkers are impolite, but they talk to strangers. In 10 minutes they know every personal detail about your family — your problems with your daughter, your love for your son, your hate for your brother-in-law, how much rent you pay, exactly how much you make a year and at least a smattering of information about your sex life.

In London, if you say even one word to a stranger, they look at you as if you're nuts or have a rare disease that they would catch if they even spoke to you. No matter what happens, strangers never talk. If an Englishman saw a bucket of paint about to land on your head, he'd be too self-conscious to tell you to step aside.

In New York, a man from the garment center would be trying to sell you a new coat, an insurance salesman would be telling you he had a special policy covering point of this color and there'd be at least one lawyer pleading with you to take his card.

In New York, a lawyer is practically a status symbol, like a 24-hour doorman. You don't look successful unless you have one. If you ask a person in London about a lawyer, it's like asking about a parachute. They don't have one and would have no idea where to find one.

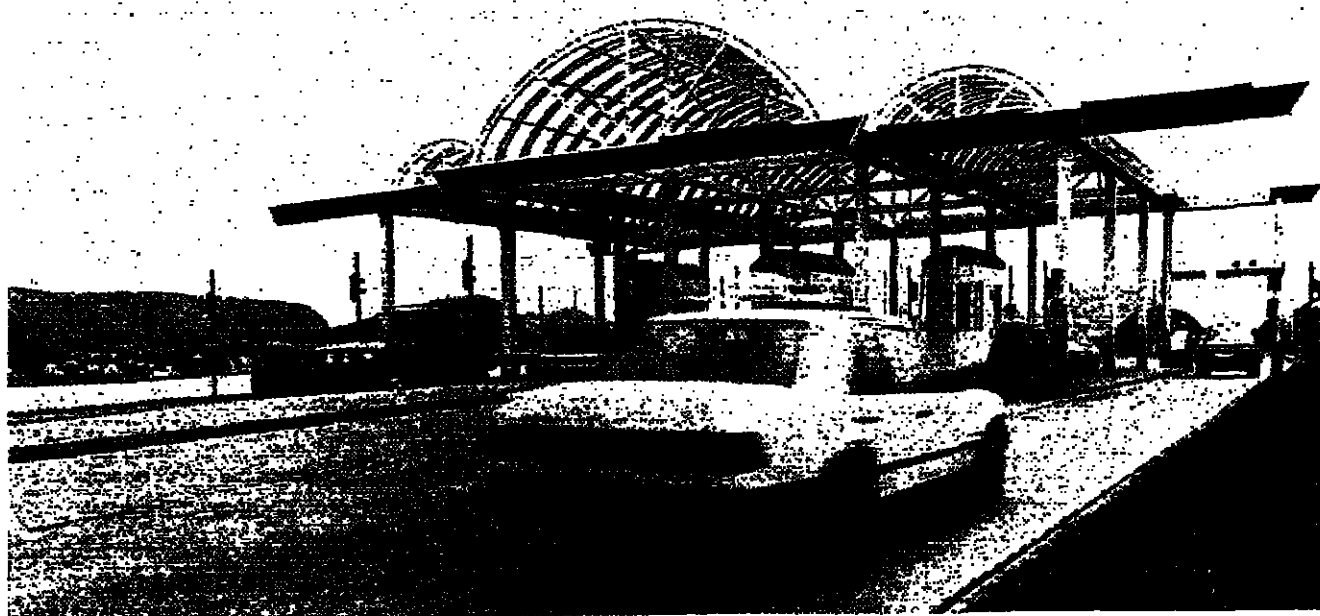
With all my criticisms of London, I've really had a fantastic time, but I will be glad to be back in New York. After what you've read up to now, I can hear you asking me, "Does this make sense?" The answer is yes, because I have an appointment I can't remember with a lawyer I haven't met about a case I never heard of.

Mr. Mason, the comedian, recently ended a three-month engagement in London. He contributed this to the *New York Times*.

For over ninety years London's Tower Bridge has been a major daytime attraction.

► But since May 1988, a specially designed and discreetly sited floodlighting system from Philips has been highlighting the entire bridge from bank to bank and creating a spectacular 3-D modelling effect on the drawbridge towers. So now the Gothic beauty of this famous Gateway to London can also be admired during hours of darkness. ► The historic Westminster Bridge and the adjoining Houses of Parliament, as well as the new Thames Barrier that protects London against the threat of tidal flooding, are also highlights of Philips leadership in lighting. ►►► Yet lighting for bridges and barriers is only one aspect of Philips technology. ► For example, we supplied Europe's first fully-automatic vehicle tolling,

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billing and control system for the Ålesund-Ellingsøy-Valderøy-Giske cross-fjord tunnels in Norway. ► We are responsible for design, supply, installation and commissioning of the technical systems for Hong Kong's Route 5 Tunnel Project. ► In the U.K., our advanced video systems are used for traffic surveillance along busy stretches of the M4, M8, M25 and Midland Link motorways. ► And in Singapore, we were awarded a S\$ 50.2 million turnkey contract for the mechanical, electrical, electronic and communication systems of the new Central Expressway that will run through and under the heart of the city. ►►► Across bridges, through tunnels and along highways the world over, you can rely on Philips technology to make your journey very much safer and far more efficient.

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PHILIPS

In Britain A Special Relationship

By Jim Hough

LONDON — As the British government's position on the Falkland Islands is clarified, it is clear that the British government is not prepared to accept the United States' position on the Falkland Islands. The British government is not prepared to accept the United States' position on the Falkland Islands.

150 YEARS AGO
Whether General Grant's suspension of General Sherman's march to the sea was a mistake or a masterpiece, it is a question that has been debated ever since. The British government is not prepared to accept the United States' position on the Falkland Islands.

1939: Japan's attack on Pearl Harbor was a surprise to many. The British government is not prepared to accept the United States' position on the Falkland Islands.

1945: The end of World War II. The British government is not prepared to accept the United States' position on the Falkland Islands.

1949: The establishment of the People's Republic of China. The British government is not prepared to accept the United States' position on the Falkland Islands.

Stock Exchanges Undergo Fundamental Reforms

By Michael Murray

HONG KONG — The 18 months since the stock market crash have seen substantial changes in the Hong Kong securities industry. The old management teams at the Stock and Futures Exchanges have been swept aside in a cleanup operation designed to present a new image to international investors.

The chaos of October 1987 brought a four-day closure of the stock market, a 4 billion Hong Kong dollar (\$512 million) bailout for the Futures Exchange, and the subsequent arrest of eight Stock Exchange officials on bribery charges.

The latest move in the campaign to bring Hong Kong into line with international standards was the recent passage of legislation creating a new independent watchdog, the Securities and Futures Commission, or SFC.

Despite widespread acceptance of the need for tighter regulation, the birth of the commission has nonetheless caused some disquiet locally, with fears voiced that it may usher in an era of overregulation.

Its chairman is Robert Owen, a former chief executive of Lloyds Merchant Bank, who arrived in Hong Kong last summer as a consultant to help set up the new watchdog. Since then, he has seen the SFC painted in some quarters as a draconian, all-powerful monster of overregulation likely to stifle the very markets that it should be promoting.

"The monster of overregulation is a mythical beast," asserted Mr. Owen, who feels that the SFC will simply bring the overall level of regulation in the territory more in line with Britain and the United States. "In the average level of regulatory powers we are pretty well in line," he said.

The original draft bill setting out the commission's powers was substantially amended before its final passage, with safeguards making it more answerable to the government. One amendment specifically states that the SFC must "promote and develop self-regulation by market bodies in the securities and futures industries."

Despite the assurance that self-regulation is

to remain a guiding principle for the commission, the Stock Exchange chief executive, Francis Yuen, cautioned that there is still "a high degree of human element involved" which will determine how the systems work in practice.

"The question of whether or not we will have overregulation, and the concern that the SFC will build up an unnecessarily large bureaucracy which would encourage mispicking cannot be answered until the SFC is fully operational," Mr. Yuen said, arguing that the entrepreneurial features of the local market had contributed to its success.

The occasionally bad-tempered skirmishes between executives of the SFC and the Stock Exchange over the past six months, most notably over funding arrangements, have already raised questions about just how the relationship between the new watchdog and the management of the two exchanges will develop.

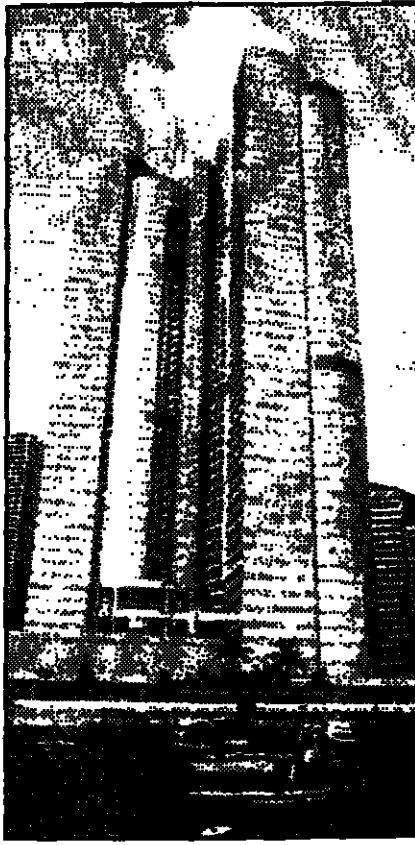
In the debate marking the passage of the bill, one lawmaker expressed dismay that the top five commission staff are all expatriates, recruited from such places as the Ontario Securities Commission and the Chicago Mercantile Exchange.

Mr. Owen counters that regulatory experience is in short supply locally and this made it necessary to look abroad to fill the executive positions. And he expresses confidence that a close working relationship will be established between the SFC and the management of the Stock and Futures Exchanges.

Financial Secretary Piers Jacobs noted when the SFC bill was passed that it represented only the first phase of a continuous process of reform of the colony's securities and futures legislation.

Later this year, the government will introduce an Insider Trading Bill which will strengthen sanctions against insider dealing. The government has decided against making it a criminal offense, but those found guilty would be barred from sitting on the boards of public companies.

At the Stock Exchange, work is in progress on a new paperless computerized clearing house, which will replace the current system with its mountains of share certificates, and should help avoid the kind of backlogs seen in 1987 when heavy turnover made the entire



Exchange Square in Hong Kong.

settlement system grind to a virtual standstill.

At the Futures Exchange, a new guarantee fund has been arranged, while there are plans for new products, starting with an interest rate contract to give a much needed boost to the market.

On the stock market, the first quarter of 1989 saw money pouring in from overseas once more, stirring hopes that investors, put off by the images of October 1987 and the corruption scandal, are taking note of the cleanup which is in progress.

The challenge ahead is to strike a proper balance between the need to maintain an internationally acceptable regulatory standard at reasonable costs, and to retain the entrepreneurial features of the market which have contributed to the success of the Hong Kong economy," said Mr. Yuen.

Critics Find 'Basic Law' Lacking

By Mark Roberti

HONG KONG — The second draft of the Basic Law, which will serve as Hong Kong's post-1997 mini-constitution, is a significant improvement, but it is unlikely to boost flagging confidence in the territory.

The document attempts to codify the terms of the 1984 Chinese-British Joint Declaration, which stated that Hong Kong would be returned to China on July 1, 1997, under a "one country, two systems" policy, that it would become a special administrative region, or SAR, of China, maintain its capitalist system and lifestyle for 50 years after 1997, enjoy "a high degree of autonomy," and have independent executive, legislative and judicial power.

Over 100 articles have been amended by the 55-member Basic Law Drafting Committee following a five-month public consultation last year. The most dramatic improvement is a provision prohibiting the legislature from passing laws that contravene the two United Nations covenants on human rights.

Hong Kong legislators are considering enacting a separate bill of rights to ensure freedoms further after 1997. The idea was recently backed by Foreign Secretary Sir Geoffrey Howe. But the legislation will not be introduced until the final version of the Basic Law is promulgated next year.

Other improvements include giving the English language equal status with Chinese, making the local authorities responsible for maintaining public order in the SAR, and downgrading to guidelines laws that would have limited the flexibility of the SAR's economic policy.

Legal experts said that provisions in the first draft undermined the independence of the judiciary by giving the Standing Committee of China's National People's Congress the power to interpret the Basic Law. This power has been more clearly defined, and the local courts have been given wider jurisdiction. The congress's power to amend the Basic Law has also been circumscribed.

Another controversial article, which denies the SAR courts jurisdiction over cases "relating to acts of state," was not passed by drafters and must be revised after the current five-month consultation ends in July.

According to Dennis Chang of the Hong Kong Bar Association, there are still areas of conflict between the Basic Law and the Chinese Constitution, such as whether or not the congress can declare martial law in Hong Kong.

"We have to see how the Basic Law is implemented," he said. "The greatest danger is that the rule of law will be undermined and that political influence will take over."

The second draft has failed to end the controversy surrounding the structure of the SAR government. The first draft included five models for choosing the chief executive and four for the legislature. Last January, the drafting committee adopted an entirely new proposal made by the newspaper publisher Louis Cha.

It calls for 27 percent of the first legislature to be directly elected, and the chief executive to be chosen by an electoral college. The number

of directly elected legislators would be increased in stages to 50 percent. A referendum would be held in the year 2011 to determine if the chief executive and the legislature should be chosen by universal suffrage the following year.

A Hong Kong industrialist, Cha Chi-min, tabled an amendment that would require the referendum to be passed by at least one-third of all eligible voters and approved by a majority of local legislators, the chief executive and the congress. Liberal activists argue that these riders give China the power to deny Hong Kong meaningful democracy for the entire 50-year period after 1997.

One outspoken member of the drafting committee, Martin Lee, believes that although the Basic Law gives Hong Kong a high degree of

autonomy on paper, it denies local people the political freedom to exercise it.

"The whole thing will be written in water unless you have a democratically elected government which will be answerable to the people, not Beijing," he said. "I don't think they can allow meaningful democracy for fear that their university students would take to the streets demanding something similar," he added.

The business and professional lobby, however, believes that the number of directly elected seats will grow too rapidly under the current model.

"We can't afford to experiment," said Vincent Lo, a founding member of the conservative Group of 89. "There is no tolerance for failure because if we have no prosperity, I'm sure we won't have one country, two systems."

The 175-member Basic Law Consultative Committee, which was appointed by Beijing to collect opinions on the draft, has been caught between the two camps because the general public has largely ignored the consultation exercise.

The U.S. Congress recently introduced a resolution that would urge British leaders "to ensure the highest possible degree of direct elections in 1991 and 1994" and called on President George Bush to communicate to the Chinese and British governments "the high degree of importance the U.S. attaches to the democratic rights of Hong Kong's citizens."

Chinese drafters, who outnumber their Hong Kong counterparts 33 to 22, are likely to make concessions on the current political model. But some people fear that even if the final draft calls for universal suffrage after 1997, it may be too late to boost confidence in the territory and reverse the exodus of small businessmen and professionals who are leaving because of concern over the future.

Publication of the second draft has been overshadowed by recent events on the mainland, including the declaration of martial law in Tibet, the expulsion of the human rights activist Chen Jun, and the seizure of a human rights petition that was to be presented to Chinese leaders by a delegation from Hong Kong.

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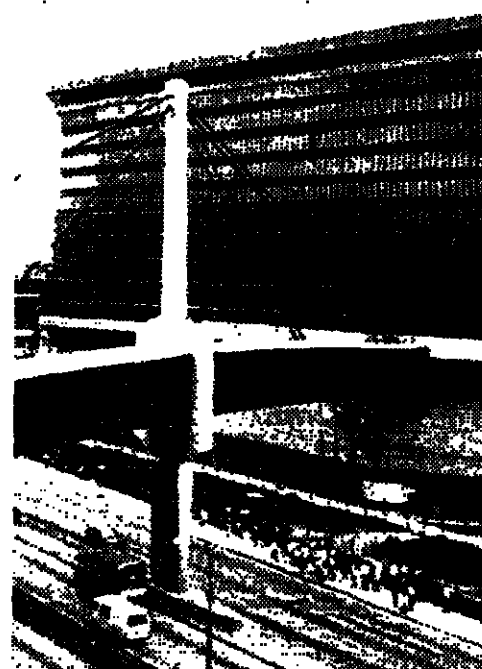
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Would-Be Politicians Emerge

Continued from page 9

change favored by Beijing and London.

As one of five vice chairmen of the Basic Law Consultative Committee, which is in charge of collecting local views on the mini-constitution, he is said to wield tremendous influence in Beijing.

A founding member of the New Hong Kong Alliance, he typifies what critics call the unholy alliance, which links businessmen with Beijing and which prefers the term "political group" to "political party" out of deference to China.

If anything, locals are mindful that China is sensitive to any challenge to its sovereignty, and neither do they want to upset the territory's life-blood — its successful laissez-faire economy. "We will have a bright future if we do not rock the boat," says Mr. Lo.

Most of his support comes from a loose alliance of businessmen and professionals within the consultative committee who share that same outlook. Although he declines to name his financial backers, he describes the New Hong Kong Alliance as a cross between a political party and a think tank whose aim is to bring together various sectoral interests and scrutinize government policy.

Competing for the political favors of Hong Kong's conservative moneyed classes is an industrialist and legislator, Stephen Cheong Kam-chuen, who shares Mr. Lo's view that the only way to keep the



Stephen Cheong
Martin Lee

"free lunchers" out is to keep power in the hands of the powerful business lobby.

He began his rival group, the Hong Kong Foundation, last year and has roughly modeled it on Japan's influential think tank, the Federation of Economic Organizations.

Like Mr. Lo, he is reluctant to name his backers, who are said to include such powerful businessmen as Li Ka-shing, the casino boss Stanley Ho and the shipping magnate Sir Pao Yue-kong — key Hong Kong players who, for the time being, appear content to remain on the sidelines.

By contrast, the problems facing the liberal lobby have nothing to do with questions on whether to call themselves political parties or groups. They simply cannot agree on how the territory should be run.

Although the three main liberal groups — Meeting Point, Hong Kong Affairs Society and the Association for Democracy and Peo-

ple's Livelihood — share the desire for greater cooperation, they differ over how this can be achieved.

Nevertheless, many are placing bets that a prominent lawyer and legislator, Martin Lee Cheung, will form his own political party. His confrontational style and desire to press for speedier reforms have not endeared his cause to either the British or Chinese governments. But it has made him a champion among local liberals.

So far, China's tolerance of political parties has yet to be tested. In recent months, Beijing's stiff opposition appears to have melted, apparently because of a conviction that Hong Kong should be allowed to operate differently from China.

Despite the apparent flourishing of political activity, China's treatment of dissidents pressing for more democracy and its handling of Tibet are lessons not lost on an ever watchful Hong Kong.

"If changes in China lead to more democracy and more openness, it will be good for Hong Kong," said Mr. Wong. "But if there is a need to tighten up because of an emergency or something, it will have a drastic effect on Hong Kong."

That could mean the rise of a local Communist Party, which China has so far been careful not to mention.

ANN QUON is the political editor of the *South China Morning Post*.

Fight to Keep Status Is Hard

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corporates flight. Jardine Matheson was one of the first local companies to transfer its headquarters to Bermuda, in 1984, a move that was widely perceived as reflecting lack of confidence in Hong Kong's future. Since then, other companies have followed suit.

Ironically, the accelerating corporate and personal emigration coincides with a wave of immigration that has enhanced Hong Kong's cosmopolitan flavor and increased its expatriate population. An October 1988 government census found a year-on-year rise of 9 percent in expatriate numbers among the 10 largest foreign nationalities here. In part, the increase is linked to Hong Kong's brain drain, but it also reflects a new influx of foreign firms.

"The implication is that outsiders do not share the legitimate, albeit perhaps exaggerated, concerns of local people about the future of Hong Kong and are more than willing to contribute to its prosperity and stability," observed Miron Mushkat, of Baring Securities.

A more sober analysis concludes that foreign firms attracted to Hong Kong by its sophisticated infrastructure, comfortable life style and laissez-faire attitude toward business would readily relocate if the environment worsened.

"The big expansion of the expatriate community is putting new pressure on the government to improve various facilities required to support this community," according to a report issued recently by the Political & Economic Risk Consultancy Ltd. "If the facilities are not forthcoming, it will be one more bottleneck in the way of a

smooth transition to Chinese sovereignty."

Local businessmen complain that the government has been slow to approve infrastructure projects needed to keep Hong Kong competitive with other high-growth Asian economies. One explanation is the typical reluctance of a lame-duck administration to make long-term decisions.

For example, though Hong Kong purports to be the region's hub, Kai Tak, its single-runway airport, is rapidly reaching saturation point. But due to delays in choosing the site, a replacement airport will not be completed until well past Kai Tak's life expectancy.

Despite the enormous budget surplus, the government has, until now, failed to devise any coherent strategy for dealing with Hong Kong's deteriorating environment. A proposal announced last month to upgrade sewage treatment facilities will take years to implement and will address only a small part of the problem, critics charge.

BUT THE "life style" issues of polluted waters and scarce airline seats pall when compared with the potential problems Hong Kong faces after 1997. Asked to name their single most important consideration for remaining here, a number of foreigners said it was the freedom afforded business in Hong Kong.

"Government noninterference would be at the top of our list, and the free speech element is obviously part of that," said Gavin Farley, Asia Pacific managing director for Solomon Brothers.

Others said unrestricted travel, freedom of capital movement and freedom to conduct financial

transactions will be essential to foreign companies. Without them, Hong Kong might remain an entrepot for China trade, but it could not compete as an international business center, they said.

Thus far, Beijing has displayed a surprising disposition to compromise on issues important to the foreign business community.

But Beijing has rejected calls to speed up the process of direct legislative elections, and Chinese officials based in Hong Kong show a worrying propensity to meddle in local affairs. Some analysts believe that Chinese officials and local business leaders are deliberately retarding Hong Kong's political growth in order to ensure a stable environment for economic development.

"Hong Kong is primarily a convenient business arrangement rather than a full-fledged political community, and the resistance of some parties to attempts to politicize it is not surprising," said Mr. Mushkat. "In the next decade or so the territory may have to absorb several external and internal shocks. A cautious approach toward electoral reform is perhaps justified."

The danger of this "cautious approach," according to liberals, is that political immaturity could stunt Hong Kong's overall development. If that occurs, the foreign community here will likely drift away to Taipei, Bangkok or Singapore — and Hong Kong may have to make do as simply an entrepot for China trade rather than the cosmopolitan center of the Southeast Asian region.

COLLEEN GERAGHTY is the *International Herald Tribune's* correspondent in Hong Kong.

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
U.S. Steel	31 1/2	31 1/2	31 1/2	+ 1/4	
Southwest	27 1/2	27 1/2	27 1/2	+ 1/4	
Avon	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
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Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	

Market Sales					
NYSE 4 a.m. volume	128,850,000				
NYSE prev. close	128,850,000				
NYSE 4 p.m. volume	128,850,000				
NYSE prev. close	128,850,000				
NYSE volume up	128,850,000				
NYSE volume down	128,850,000				
NYSE volume up	128,850,000				
NYSE volume down	128,850,000				
NYSE volume up	128,850,000				
NYSE volume down	128,850,000				

NYSE Index					
High	Low	Close	Chg.		
Composite	172.82	172.82	172.82	+ 0.20	
Industries	172.82	172.82	172.82	+ 0.20	
Transport	172.82	172.82	172.82	+ 0.20	
Utilities	172.82	172.82	172.82	+ 0.20	
Finance	172.82	172.82	172.82	+ 0.20	

Monday's NYSE Closing					
Open	High	Low	Last	Chg.	
Indus	172.82	172.82	172.82	+ 0.20	
Transp	172.82	172.82	172.82	+ 0.20	
Util	172.82	172.82	172.82	+ 0.20	
Comp	172.82	172.82	172.82	+ 0.20	

AMEX Diary					
Class	Prev.				
Advanced	172.82				
Declined	172.82				
Unchanged	172.82				
New High	172.82				
New Low	172.82				

NASDAQ Index					
Close	Chg.	Week	Month	Year	
Composite	172.82	172.82	172.82	172.82	
Industries	172.82	172.82	172.82	172.82	
Transport	172.82	172.82	172.82	172.82	
Utilities	172.82	172.82	172.82	172.82	

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
U.S. Steel	31 1/2	31 1/2	31 1/2	+ 1/4	
Southwest	27 1/2	27 1/2	27 1/2	+ 1/4	
Avon	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4	

Dow Jones Bond Averages					
Class	Chg.				
Bonds	172.82				
Utilities	172.82				
Industries	172.82				

NYSE Diary					
Class	Prev.				
Advanced	172.82				
Declined	172.82				
Unchanged	172.82				
New High	172.82				
New Low	172.82				

Odd-Lot Trading in N.Y.					
Buy	Sell	%Vol			
April 28	172.82	172.82	172.82	172.82	
April 29	172.82	172.82	172.82	172.82	
April 30	172.82	172.82	172.82	172.82	

Dow Jones Averages					
Open	High	Low	Last	Chg.	
Indus	172.82	172.82	172.82	+ 0.20	
Transp	172.82	172.82	172.82	+ 0.20	
Util	172.82	172.82	172.82	+ 0.20	
Comp	172.82	172.82	172.82	+ 0.20	

Standard & Poor's Index					
High	Low	Close	Chg.		
Industries	172.82	172.82	172.82	+ 0.20	
Transport	172.82	172.82	172.82	+ 0.20	
Utilities	172.82	172.82	172.82	+ 0.20	
Finance	172.82	172.82	172.82	+ 0.20	

NASDAQ Diary					
Class	Prev.				
Advanced	172.82				
Declined	172.82				
Unchanged	172.82				
New High	172.82				
New Low	172.82				

AMEX Stock Index					
High	Low	Close	Chg.		
Composite	172.82	172.82	172.82	+ 0.20	
Industries	172.82	172.82	172.82	+ 0.20	
Transport	172.82	172.82	172.82	+ 0.20	
Utilities	172.82	172.82	172.82	+ 0.20	

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Slips on Economic Data

NEW YORK — Prices on the New York Stock Exchange closed lower Monday in subdued trading. The market failed to recover from an early sell-off that was sparked by a survey showing a surprising rebound in economic growth last month.

The Dow Jones industrial average, which had eased 0.19 point Friday, fell 3.84 to close at 2,414.96.

Declines led advances by about a 3-2 ratio. Volume slowed to 138.05 million shares from 158.39 million traded on Friday.

Broader market indicators also fell. The New York Stock Exchange composite index slid 0.31 to 172.82 and Standard & Poor's 500-stock index eased 0.52 to close at 309.12. The price of an average share lost 7 cents.

Stock prices dropped at the opening in response to a survey by the National Association of Purchasing Management that said the economy grew at a faster rate in April than in March.

The purchasing group's index, which measures new orders, production, vendor deliveries, inventory and employment, rose to 53 percent in April after slipping to 50.4 percent in March. A reading above 50 indicates the economy is expanding; below 50 indicates the economy is declining.

Analysts said the news came as a surprise to market participants. The market last week surged to its highest closing levels since the October 1987 collapse amid rumors that the survey would reflect a slowdown.

Larry Wachtel, market analyst with Prudential-Bache Securities Inc., further noted that several pieces of evidence suggesting a slowing

helped the market to post overall gains for the past five weeks.

"The purchasing managers' survey comes at a time when the market is overextended, overbought," he said. "It gives an excuse to take some profits on recent gains."

Given the market's tendency to focus on economic numbers for direction, Mr. Wachtel said, the next major data in that vein are the April employment figures, which are expected on Friday.

Before Friday, he said, stock prices may go on hold, with support coming from bargain hunters looking to take advantage of slips in prices.

"We should see some rotation of leadership in the market, paced by special situations," he added.

Union Carbide was the most active NYSE issue, rising 4 to 31 1/2.

Southwest Co. followed, closing unchanged at 27 1/2.

Avon Products was third, surging 3 1/2 to 32 1/2 amid renewed takeover speculation.

Blue chips closed mixed. AT&T fell 1/4 to 34 1/2, IBM eased 1/4 to 113 1/2, General Motors slid 1/4 to 41 1/2, and General Electric fell 1/4 to 48 1/2. Elsewhere, USX rose 1/4 to 34 1/2, and Navistar International gained 1/4 to 50.

Carson Pirie Scott jumped 4 to 27 on news that the company accepted a sweetened takeover offer of \$27.50 a share from retailer P.A. Bernger & Co.

Prices closed mixed in light trading on the American Stock Exchange.

The Amex Market Value index rose 0.20 to close at 345.28, setting its highest closing level since the crash.

NYSE Most Actives											
Vol.	High	Low	Last	Chg.		Vol.	High	Low	Last	Chg.	
U.S. Steel	31 1/2	31 1/2	31 1/2	+ 1/4		U.S. Steel	31 1/2	31 1/2	31 1/2	+ 1/4	
Southwest	27 1/2	27 1/2	27 1/2	+ 1/4		Southwest	27 1/2	27 1/2	27 1/2	+ 1/4	
Avon	27 1/2	27 1/2	27 1/2	+ 1/4		Avon	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
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US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
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Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
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US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
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Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
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Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
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US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2	27 1/2	+ 1/4	
Windsor	27 1/2	27 1/2	27 1/2	+ 1/4		Windsor	27 1/2	27 1/2	27 1/2	+ 1/4	
US West	27 1/2	27 1/2	27 1/2	+ 1/4		US West	27 1/2	27 1/2			

EUROBONDS

Analysts Split on Meaning Of Dollar's Latest Surge

By CARL GEWIRTZ
International Herald Tribune

PARIS — Analysts are divided over whether the dollar's surprising vigor, which last week prompted a new round of concerted central bank intervention, was simply over-enthusiasm by the foreign-exchange market or whether it was a signal that the dollar has entered a new period of sustained strength.

With all European markets closed Monday and many shut again this Thursday, and the Japanese away celebrating Golden Week, it may be some time before the situation becomes clear.

In addition, conflicting data on the state of the U.S. economy adds further confusion. Over the weekend, the National Association of Purchasing Management announced that its April index rose to 53 percent, up from 50.4 percent in March, indicating stepped up activity in the second quarter. On Friday, Washington will report employment data for April — another key indicator of how business is shaping up at the start of the quarter.

Last week's spurt in the dollar appeared to be driven by a March decline, the second in a row, of the index of leading indicators, which was taken as evidence that the economy is slowing. In addition, there is a growing conviction in financial markets that the Federal Reserve, sensing a slowdown, is unwilling to further tighten its monetary policy.

Since up to now the dollar has been buoyed by money managers — short-term investors attracted by the high U.S. interest rates, indications that interest rates have leveled off or might soon decline would normally be expected to prompt these traders to begin unloading dollars.

But the dollar's gains fueled reports that these traders are now being pushed aside by long-term institutional investors eager to rebuild their dollar bond portfolios and lock in high yields before interest rates begin to decline.

THERE ARE NO statistics on how far down international portfolio managers had run their exposure to the dollar. But investment advisers agree that institutional clients have been underweight in the U.S. currency, holding out to see how high the Fed would need to push interest rates to restrain growth and inflation.

The question about whether portfolio managers are moving, sensing that interest rates have peaked even if inflation has not, is an important one because the potential flows of funds into the dollar could overwhelm the capacity of the Group of Seven major industrialized countries to manage exchange-rate levels just by intervention in the currency market.

Simon Crane, a London-based investment analyst, suspects that portfolio managers are making such a fundamental shift.

"There are no numbers to prove it, but in my judgement that's how they feel," he said. "In conversations with clients, I hear more interest in the dollar. Institutional investors realize they are very underweight in the currency."

Richard Koo, an analyst for Nomura Research in Tokyo, said he sensed a pickup by "medium- and long-term investors betting that the dollar is currently close to its bottom and undervalued."

The bulk of any such shift would primarily be felt in the U.S. market. Although banks reported "reasonable" demand for dollar Eurobonds last week, the buying would most likely first be felt in the U.S. government market because it is the most liquid. But Salomon Brothers' head of international bond research, John Lipsky, said that "we do not perceive, at this time, a large-scale shift in portfolio preferences to be underway."

Mr. Lipsky warned that such a shift would present a dilemma

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Ogilvy Cool to WPP Bid

British Predator To Mull Position

Compiled by Our Staff From Dispatches

LONDON — WPP Group PLC said it was "considering" its position on Monday after a lukewarm reaction by Ogilvy Group Inc. of the United States to its \$725 million takeover offer.

In over-the-counter trading on Monday, Ogilvy stock jumped \$17.125 a share, to \$49.125. Traders speculated that a higher bid might follow.

Kenneth Roman, chairman of Ogilvy, said the bid had "serious flaws in business logic." Mr. Roman said Ogilvy would be better off as an independent company but added that its board would consider the WPP offer.

Jonathan Rinehart, chairman of the Ogilvy Public Relations Group subsidiary in New York, called the offer "unsolicited and unwelcome."

"We don't believe there is any benefit to our clients, shareholders or employees," Mr. Rinehart said. "We don't see any benefit at all to getting bigger. We have all the size and muscle we need."

Fiona McEwan, a WPP spokeswoman, said, "We are considering the position. The intent is friendly."

She valued the \$45-per-share bid at about \$725 million and said it would be financed by a mixture of debt and equity.

She would not comment whether WPP would mount a hostile bid if rebuffed by Ogilvy.

Industry sources in London said the bid was still in its early stages, but they noted that WPP was not known for entering into anything half-hearted. Two years ago, WPP acquired J. Walter Thompson & Co., another big U.S. advertising agency, for \$566 million.

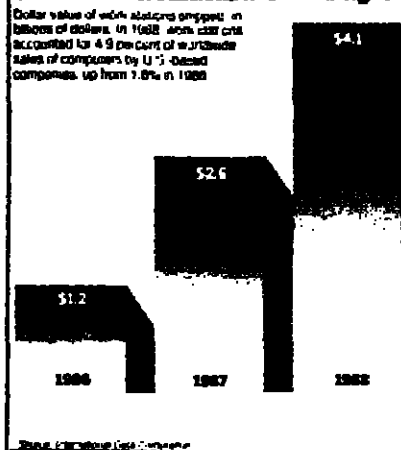
The offer for Ogilvy, made late Friday in a letter sent by facsimile machine from Martin Sorrell, chairman of WPP, was made public by Mr. Roman on Sunday. There have been rumors that WPP would make such a move since the beginning of the year.

On Monday, Ogilvy confirmed that the companies had had discussions at Mr. Sorrell's insistence at a meeting in January.

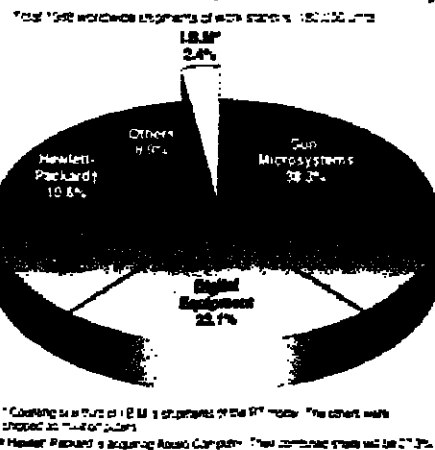
Mr. Rinehart said that Sorrell received "no encouragement in any way, shape, or form at any time," about the possibility of merging the

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Sales of work stations are climbing...



...But IBM's share of this market is tiny.



IBM Nears a Critical Juncture
Race into Work Stations Leads to Wrenching Change

By John Markoff
New York Times Service

NEW YORK — In a company celebrated for its managerial conservatism and organizational discipline, R. Andrew Heller was seen as a renegade.

A leading computer designer and senior executive at International Business Machines Corp. for 23 years with a good record for developing powerful computers, Mr. Heller left the company in March, four months after losing control of an important development laboratory.

That group is designing a new computer work station that the world's largest computer maker hopes will put it back in the race for the fastest-growing part of the computer market — and ultimately make it the leader in that market.

Mr. Heller's departure, according to associates and industry analysts, symbolizes the wrenching changes now taking place at IBM as it attempts to respond to new developments that are sweeping the computer industry. Until now, it has focused on massive, costly mainframe computers.

Increasingly, the industry is moving toward inexpensive personal computers and work stations that are linked by networks.

The new family of computer work stations designed by Mr. Heller's group are expected to be introduced by the end of this year.

They will be of critical importance to IBM. An earlier IBM work station developed in 1985 failed to attract much of a following.

In contrast to other areas of the computer industry that it dominates, the company controls only 2.4 percent of the \$4.1 billion market for the machines that have become the standard desktop tool for scientists and engineers. IBM must assert itself soon, analysts say, because the work-station market will experience tremendous growth.

The market will grow to \$22.3 billion by 1992, an annual growth rate of 36.5 percent, according to researchers at Sanford C. Bernstein & Co.

Now used principally by technical researchers and product designers, these machines will increasingly become standard office computing tools, and in many cases will replace personal computers. They will be used by financial researchers, money managers, publishers and other business users, all of whom are finding that they need more computing power than is available from today's personal computers.

Work stations are distinguished from personal

computers because they generally have more computing power. Besides their greater power, the work stations are capable of running several applications simultaneously, can offer better graphics and are generally connected to networks.

The work-station market is vital for IBM because the line between these machines and personal computers is becoming increasingly blurry.

Analysts say that more than 60 percent of IBM's earnings, which were \$5.8 billion in 1988, come from the sale of its multimillion-dollar mainframe computers.

But growth in the mainframe market has slowed, and IBM faces a more serious problem if it does not get its share of the expanding market for high-powered work stations.

The question, according to analysts, is whether IBM executives can turn their thinking around and fully accept the move from mainframe computers to work stations, and compete aggressively in this arena.

The recent arrival of a second generation of 32-bit microprocessors, the engines of advanced work stations, also is forcing IBM to shift its strategy away from its traditional reliance on computing standards that have locked customers into IBM hardware, and to adopt industry standards that will make its equipment compatible with that of other manufacturers.

In the future, IBM will offer two separate hardware and software standards. One is called Systems Application Architecture and is available only on IBM's computers; the other is the popular and widely available Unix standard.

The manufacturer faces the formidable challenge of trying to catch up to the current powers in the market: Sun Microsystems Inc., Apollo Computer Inc., Hewlett-Packard Co. and Digital Equipment Corp.

When IBM entered the personal computer market in 1981, its competition was scattered among dozens of small companies.

The work-station market, however, has become increasingly concentrated in the past two years. And it is becoming even more so: earlier this month Hewlett-Packard Co. announced plans to buy Apollo Computer Inc.

The three top guys now constitute 80 percent market share," said Peter Rogers, an analyst who follows the work-station business at Robertson,

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U.S. Purchasers Indicate Faster Growth in April

By Michael Quint
New York Times Service

NEW YORK — Business activity among U.S. industrial companies grew at a faster pace during April after three consecutive months of faltering growth, according to a report released Monday by the National Association of Purchasing Management.

The report, which indicated the Federal Reserve Board would not move to reduce interest rates, hurt U.S. securities prices but aided the dollar.

The association's overall index of business conditions, regarded as an early and accurate barometer of the U.S. economy, rose to 53 percent in April from 50.4 percent in March. A reading above 50 indicates that the economy is expanding, and a reading below 50 indicates decline.

Yields rose and bond prices weakened as the unexpectedly strong assessment from the purchasing managers touched off a wave of early selling. The yield on the benchmark 30-year Treasury bond rose to 8.99 percent from 8.93 (Page 19).

Prices on the New York Stock Exchange dropped in response to the report, but then partly recovered. The Dow Jones industrial average fell 3.84, to 2,414.96 (Page 12).

"A surprising increase in new export orders appears to have fueled the brisk rebound," said Robert J. Bretz, chairman of the association's survey committee and director of materials management at Pitney Bowes Inc.

A month ago, Mr. Bretz said that three consecutive months of weakening could be signaling slower growth in the second quarter.

In addition to a sharp rise in export orders, the survey showed increases in the number of purchasing managers reporting greater production, more orders, higher inflation and slower deliveries.

Mr. Bretz said the economy expanded in April at about the average rate for the first quarter, but was much stronger than in March.

If the overall index remains at the 52.4 percent average of the past four months, he estimated, the economy would grow in 1989 at a 2.5 percent rate after inflation.

A 2.5 percent growth rate is about what most economists expect, although fears of slower growth have been increasing. Last week, the Commerce Department announced that the economy, ex-

Construction Shows Decline For 3d Month

The Associated Press

WASHINGTON — Construction spending declined for a third consecutive month in March, the first time building activity has shown such weakness since right before the 1981-82 recession, the government reported Monday.

The Commerce Department said spending dropped 0.3 percent in March, after declines of 0.8 percent in February and 0.7 percent in January. Activity fell to a seasonally adjusted annual rate of \$413.5 billion.

It was the first time construction spending had fallen for three consecutive months since 1981, when spending declined five months in a row, from February through June.

Economists have expected building activity to be weak this year because of the Federal Reserve Board's campaign to push interest rates higher.

cluding the farming sector, grew at a 3 percent annual rate after inflation during the first quarter.

Paul Boltz, chief economist at T. Rowe Price Associates, a Baltimore investment advisory firm, said, "The economy started strong in the first quarter, but ended weak, and right now economists are trying to cope with a lot of mixed signals."

U.S. consumers' income has increased enough in recent months to suggest that they have enough spending power to prevent a severe drop in economic activity, Mr. Boltz noted. But the potential for consumer spending has not prevented a slowdown in the industrial sector, with no growth in industrial production in March and February and slower sales of houses and cars.

The report included some mixed signals of its own. Despite the growth in production and new orders, employment declined for the third consecutive month.

"The fact that employment is not up reflects the caution with which management is viewing the economy," Mr. Boltz said. "There have been enough signs over the past few months that the economy is slowing that they are more willing to pay for overtime than to hire new workers."

The April report did not appear to have been leaked to the financial markets, unlike many earlier reports. On Thursday, a rumor circulated through the bond markets that the April index was below 49 percent and helped lift bond prices, but by Friday, confusion had set in and estimates ranged from 48 percent to 52 percent.

"The purchasing managers' report has been closely followed," said Maury N. Harris, chief economist at FaineWebber Inc., "because it accurately signaled the recent slowdown."

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Currency Rates

Cross Rates	May 1	May 2
Amsterdam	2.178	2.178
Bremen	2.178	2.178
Frankfurt	2.178	2.178
London (b)	1.0795	1.0795
Paris	1.0795	1.0795
Tokyo	123.90	123.90
1 ECU	1.0795	1.0795
1 SDR	1.0795	1.0795

Other Dollar Values	May 1	May 2
Argentine peso	48.50	48.50
Australian	1.5227	1.5227
Austrian sch.	13.77	13.77
Belgian franc	1.036	1.036
Canadian \$	1.184	1.184
Chinese yuan	2.7221	2.7221
Danish krone	7.46	7.46
Deutsche mark	2.3637	2.3637
French franc	6.55	6.55
Italian lire	2.336	2.336
Japanese yen	163.89	163.89
Swiss franc	2.0371	2.0371
West German mark	2.3637	2.3637

Forward Rates	30-day	60-day	90-day	180-day
Amsterdam	1.0795	1.0795	1.0795	1.0795
Bremen	1.0795	1.0795	1.0795	1.0795
Frankfurt	1.0795	1.0795	1.0795	1.0795
London (b)	1.0795	1.0795	1.0795	1.0795
Paris	1.0795	1.0795	1.0795	1.0795
Tokyo	123.90	123.90	123.90	123.90

Interest Rates

Eurocurrency Deposits	1 month	3 months	6 months	1 year
Dollar	4 1/4 - 4 5/8	4 1/4 - 4 5/8	4 1/4 - 4 5/8	4 1/4 - 4 5/8
Swiss franc	4 1/4 - 4 5/8	4 1/4 - 4 5/8	4 1/4 - 4 5/8	4 1/4 - 4 5/8
Japanese yen	4 1/4 - 4 5/8	4 1/4 - 4 5/8	4 1/4 - 4 5/8	4 1/4 - 4 5/8
Deutsche mark	4 1/4 - 4 5/8	4 1/4 - 4 5/8	4 1/4 - 4 5/8	4 1/4 - 4 5/8

Key Money Rates May 1	1 month	3 months	6 months	1 year
Discount rate	7 1/2	7 1/2	7 1/2	7 1/2
Federal funds	11 1/2	11 1/2	11 1/2	11 1/2
Prime rate	12 1/2	12 1/2	12 1/2	12 1/2
3-month Treasury bills	8 1/2	8 1/2	8 1/2	8 1/2
6-month Treasury bills	8 1/2	8 1/2	8 1/2	8 1/2
3-month CD's	8 1/2	8 1/2	8 1/2	8 1/2
3-month CP's	8 1/2	8 1/2	8 1/2	8 1/2

U.S. Money Market Funds	1 month	3 months	6 months	1 year
Discount rate	7 1/2	7 1/2	7 1/2	7 1/2
Federal funds	11 1/2	11 1/2	11 1/2	11 1/2
Prime rate	12 1/2	12 1/2	12 1/2	12 1/2
3-month Treasury bills	8 1/2	8 1/2	8 1/2	8 1/2
6-month Treasury bills	8 1/2	8 1/2	8 1/2	8 1/2
3-month CD's	8 1/2	8 1/2	8 1/2	8 1/2
3-month CP's	8 1/2	8 1/2	8 1/2	8 1/2

Gold	May 1	May 2
Spot	372.30	372.30
1-month forward	372.30	372.30
3-month forward	372.30	372.30
6-month forward	372.30	372.30
1-year forward	372.30	372.30

Shareholders Assume New Importance in Swiss Companies

By Richard E. Smith
International Herald Tribune

Capital-hungry Swiss companies are beginning to pay more attention to their shareholders, a long-ignored group that up to now has usually been Swiss and usually been quiet.

More companies are offering better dividends, more information and easier access to shares in an effort to court investors, notably foreign shareholders, as a key source of capital in the uncertain years ahead.

Nestlé SA, Switzerland's largest company and the world's largest food group, underscored the change last week by announcing that foreigners have increased from 7 percent last November to between 20 percent and 25 percent now their holdings in a class of shares previously reserved mostly to Swiss citizens.

"There are forces in Switzerland which seem to realize that we need foreign investors," said Erwin Herz, chief of financial analysis at Swiss Bank Corp.

Swiss banks, insurance and chemicals companies are world-class giants in their

fields and have no choice but to move with the trends of globalization and consolidation that are rapidly changing the international corporate landscape, analysts say.

"Many companies are getting positioned for the European single market in 1992 and are preparing acquisitions," said Bernhard Tschanz, chief analyst of Swiss securities at Credit Suisse.

But this can be expensive, and Switzerland, with a population of only six million people, can no longer by itself generate the wealth required by so many companies of this size.

"The Swiss capital market is too small for a multinational concern," said Helmut Maucher, the managing director of Nestlé, which is planning a capital increase later this year and is applying to be listed on the London and Tokyo stock exchanges.

Many Swiss companies have felt for some time that their shares have been undervalued and that a more lively market — with foreign infusion — could bring market value considerably higher. The overall capitalization of the Zurich exchange totaled 211.1 billion Swiss francs (\$126 bil-

lion) at the end of 1988, little changed from 208.9 billion francs two years earlier.

"A number of companies have not been happy with their share prices after the crash and are trying to do something about it," said Erich Dahler, a banking analyst with UBS Phillips & Drew.

As a result, managers have been revamping everything from the structure of their companies to the price of their stock offerings in order to align themselves more closely with international practices and attract foreign buyers.

One of the more distinctive or, depending on the size of one's bank account, forbidding features of the Swiss stock market is the almost legendary cost of a single share in some concern. One share of Swiss Reinsurance Co. costs 10,500 francs, while a share of Sandoz Ltd. goes for 11,100 francs.

A share in Lindt & Sprüngli, the family-controlled chocolate maker, entitles the shareholder to a bifurcated share of some of the world's best chocolate — a gift given to those who attend the annual meeting each spring — but the price for just one of those shares runs as much as 20,000 francs. A

company spokesman noted that the shares not held by the family are dispersed "in the better Zurich circles."

Such high-priced shares not only alienate small buyers and confuse investors unfamiliar with Switzerland, but also tend to clog an already often sluggish market.

The pharmaceuticals concern F. Hoffmann-La Roche & Co. announced last week that it is restructuring its share capital, which has had one class of share hovering recently at 160,000 francs and another "baby" share at 16,000 francs, in order to make it more manageable through various measures, including a 50-to-one stock split.

While cheaper denominations of shares will put them within the reach of more small buyers, analysts note that the bigger investors, such as institutions and pension funds, are more interested in the recent movement toward more information and higher dividends.

Swiss companies, and not only the banks, have traditionally held extensive resources in hidden reserves and many

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BUSINESS ROUNDUP

Carson Pirie Agrees to Be Acquired

Swiss-Controlled Bergner Sweetens Bid to \$390 Million

Compiled by Our Staff From Dispatches

CHICAGO — Carson Pirie Scott & Co., a 135-year-old Chicago retailer long regarded as a prime takeover target, announced that it had agreed to a sweetened \$390 million takeover offer by P.A. Bergner & Co.

Under the agreement, approved by the boards of both companies, Bergner will acquire all Carson common stock outstanding for \$27.50 a share in cash.

The deal will make Bergner, which is controlled by the European retailing power Nordmann-Mans, one of the top 15 department store operations in the United States, with consolidated revenue of about \$1 billion.

"This merger fulfills our long-term objective to have a major presence in the Chicago area," said Bergner's chairman, Alan R. Anderson. "We have decided to operate the Carson's stores under the Carson Pirie Scott name because consumers hold it in such high regard."

Anderson said the merger would create a new entity, Carson Pirie Scott & Co., which would be a subsidiary of Bergner. The new company would have a total of 15 department stores in the Chicago area.

"We have been my strong personal preference to continue the two-year restructuring program we began in 1987 and to remain an independent, focused retailer," Mr. Willmott said. "However, my primary responsibility as Carson's chief ex-

ecutive officer has been to create shareholder value."

Carson operates 33 department stores under the name Carson Pirie Scott — 19 in the Chicago area, central Illinois and Northwest Indiana, and 14 in Minnesota and Iowa. It also operates 391 County Seat specialty stores, mostly in the Midwest and the Sun Belt, and 23 Arcadia stores, mostly in Chicago.

Mr. Anderson said the company planned to sell the County Seat and Arcadia stores.

He said Bergner would be assuming "significant debt" in the Carson purchase totaling about \$300 million.

Under the merger agreement, a subsidiary of Bergner's will begin a tender offer for Carson's common shares within five days.

Analysts said Carson had long been regarded as a likely takeover target. Early this year, with stock trading at \$12 to \$13, analysts suggested the company's real estate alone could bring double the stock price.

(UPI, Reuters)

Carson stock rose \$4.375 a share to close at \$27 on the New York Stock Exchange. Carson's stock was trading at around \$12 a share in late January, before Bergner made its offer.

Bergner's original cash bid of \$20 a share sent the stock soaring to more than \$21 a share, but got a cold reception from Carson's directors. Last week, the bid boosted its offer to \$24 a share — good enough to spark negotiations that led to the agreement.

"The agreement announced today marks the beginning of another stage in the company's ongoing 135-year history and serves the best economic interests of Carson's shareholders," said Carson's chairman and chief executive officer, Peter S. Willmott.

"It has been my strong personal preference to continue the two-year restructuring program we began in 1987 and to remain an independent, focused retailer," Mr. Willmott said. "However, my primary responsibility as Carson's chief ex-

ecutive officer has been to create shareholder value."

Trial on Kodak Damages Opens

The Associated Press

BOSTON — Polaroid Corp. told a federal judge Monday that it could lose \$3.9 billion in profit because of Eastman Kodak Co.'s infringement of Polaroid's instant photography patents.

The patent infringement trial before Judge A. David Mazzone in U.S. District Court is expected by many securities analysts to result in Kodak's paying Polaroid about \$1 billion, which would be the largest patent damage award in history. The trial is expected to take four to six months.

In a previous trial, a judge ruled in October 1985 that Kodak had violated seven of Polaroid's key patents on instant film and cameras. The ruling effectively pushed Kodak out of the instant photography business and saddled it with \$600 million in losses and an estimated \$200 million worth of useless manufacturing equipment.

The only issue in the current trial is the amount of damages to be awarded to Polaroid.

In opening arguments, Herbert F. Schwartz, an attorney for Polaroid, said Kodak had forced its rival to sell some cameras below cost. He argued that Polaroid was entitled to \$3.9 billion in lost profit because of Kodak's sales of instant cameras and film between 1976 and 1986.

In addition, Mr. Schwartz said, Polaroid is entitled to interest and triple punitive damages, bringing the total to just under \$12 billion.

Kodak, based in Rochester, N.Y., argues that the most Polaroid should get is \$177 million, representing a 5 percent royalty on all the instant film and cameras that Kodak sold from 1976 to 1986.

Lawyers said the record award

pay \$10.3 billion to Polaroid Co. four years ago.

But securities analysts say that is unlikely.

Most Wall Street brokerage houses are predicting an award of about \$1 billion, and traders say the stock prices of both companies already reflect that expectation.

Polaroid, which recently spent \$1.1 billion to repurchase stock and fend off a hostile takeover by Shamrock Holdings Inc., is expected to use part of any award to lower its corporate debt.

Alex Henderson, an analyst with Prudential Bache Securities Inc., said he expected Polaroid's stock price to rise or fall about \$1 for every \$100 million of the award that is above or below Wall Street's expectations.

The U.S. Supreme Court on Monday refused to hear Kodak's appeal of the earlier ruling. Kodak had argued that the 1985 ruling should be thrown out because District Judge Rya Zobel, who presided over the trial, had a conflict of interest in the case.

A federal appeals court that earlier heard Kodak's appeal noted, however, that Judge Zobel had announced to both companies in 1981 that her mother-in-law owned Kodak shares and that Kodak had raised no objection.

The appeals court said it was not until 1988, well after the liability ruling, that Kodak, that the company objected.

Although Polaroid is seeking about \$12 billion, many analysts expect that the award will be about \$1 billion.

In a patent infringement suit was the approximately \$200 million that Hughes Tool Co. received from Dresser Industries in 1986.

A multibillion-dollar verdict could force Kodak to make layoffs, take on huge debt and sell subsidiaries to raise cash. It could leave the company unable to make the investments it needs to compete with Japanese companies.

If the award is near the top of the possible range, it could even force Kodak into Chapter 11 bankruptcy proceedings, just as Texaco Inc. was forced to reorganize when a jury ordered it to

clined to detail what the rest of the assets were.

"We're not going to break it down," he said. But he noted the airline's plan called for the sale of aircraft, gates, take-off and landing rights and routes.

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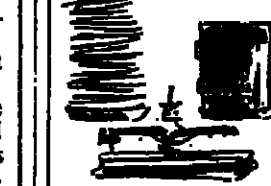
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Scimitar, the international investment arm of Standard Chartered Bank, announces the forthcoming launch of a new guaranteed investment fund with the following features:

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Prospective agents must be licensed to operate and act as intermediaries in the jurisdiction of their agency by the local regulatory authority.

KEPCO Sets Public Offer

Reuters

SEOUL — The state-run Korea Electric Power Corp. will launch an initial public offering of 127.7 million shares worth about 1.3 trillion won (\$2 billion) on May 27, Finance Ministry officials said Monday.

The shares set aside account for a 21 percent stake in KEPCO, South Korea's only electric power company. The initial offering will last eight days.

Of the total offering, 95.3 million shares will be sold to low-income citizens and KEPCO employees at a discounted 9,100 won each. The remaining 32.4 million shares will be sold to individual investors at 13,000 won apiece. Par value is 5,000 won. The company is expected to be listed on the Seoul stock exchange in August, the official said.

South Korea's government-owned KEPCO is the largest utility in the country, with a 1988 revenue of 1.3 trillion won (\$2 billion).

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Ranks and Goodman Turn More Friendly Over Merger

Reuters

SYDNEY — Ranks Hovis McDougall PLC and Goodman Fielder Watlie Ltd., whose relations have long been marred by acrimony, now say they prefer a friendly merger to hostile takeover moves.

Tim Howden, the deputy managing director of Ranks, said Monday that the British concern agreed with comments by Pat Goodman, the chairman of Goodman Fielder, about his preference for a friendly merger between them.

"We would much prefer agreement to hostility, and are clear that an agreed merger is the best way ahead for Ranks and GFV, given both boards' belief in the potential of a combined business," Mr. Howden said in a statement.

Goodman Fielder previously confirmed it had held talks about a merger with Ranks, which would create a huge British-Australian food company.

"We are, and indeed have always been, of Mr Goodman's view that personalities should not get in the way of that goal," Mr. Howden said.

"We believe that discussions, which are now in progress in this context, should continue on a confidential basis without comment until concluded," he said.

Ranks announced April 24 that it planned to offer 3.1 billion Australian dollars (\$2.46 billion) of stock, or 3.07 dollars a share, for Goodman Fielder. But the total bid value, estimated by Ranks, was based on the Ranks stock price of 385 pence before its offer of four of its shares for each 11 of Goodman Fielder's.

The bid turned the tables on Goodman Fielder and surprised the Sydney market. The Australian concern let a \$1.7 billion (\$2.85 billion) takeover offer for Ranks lapse last year after it was referred to the U.K. Monopolies and Mergers Commission.

The carrier, virtually grounded by a strike since March 4, said it made the disclosure in a filing with

Eastern Has Set \$1.1 Billion in Asset Sales

Reuters

MIAMI — Eastern Airlines said Monday that it had accepted bids to sell about \$1.1 billion of assets under its plan to shrink and rebuild itself as a smaller, profitable carrier.

The airline, a unit of Texas Air Corp., said the assets were under firm sales contracts or were the subject of acceptable offers that would be announced shortly. Eastern has said it plans to sell about \$1.8 billion of assets and emerge at about two-thirds its former size.

The carrier, virtually grounded by a strike since March 4, said it made the disclosure in a filing with

U.S. Bankruptcy Court in New York, but provided no details of the transactions.

Five days into the strike, Eastern sought protection from creditors under Chapter 11 of the U.S. bankruptcy laws, where its debts are frozen while it reorganizes.

Eastern said the \$1.1 billion includes the previously announced sales of its Northeast shuttle to the developer Donald J. Trump for \$365 million and certain Philadelphia assets to USAir Group Inc. for \$85 million.

A spokesman, Robin Matell, de-

clared to detail what the rest of the assets were.

"We're not going to break it down," he said. But he noted the airline's plan called for the sale of aircraft, gates, take-off and landing rights and routes.

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WPP: Ogilvy Cool to Takeover Bid

(Continued from first finance page)

Doyle Dane Bernbach and Needham Harper Worldwide joined to form the Omnicom Group.

These new global networks are intended to serve multinational consumer-products companies, which are increasingly trying to find economies of scale not only in worldwide production, but also in marketing. The globalization of the media industry, exemplified by the planned merger of Time Inc. and Warner Communications, is meant to needs of giant advertisers.

With advertising operations in almost 50 countries, WPP serves a blue-chip list of clients that includes Coca-Cola, Eastman Kodak Co., Kraft Foods, Nestle SA, and PepsiCo. Ogilvy Group, with its company far-flung operations, serves companies like American Express Co., Polaroid Corp., Mattel Inc., Bechtel PLC and Unilever.

(Reuters, NYT, AP)

WPP-Ogilvy merger, which would join two of the best-known names in advertising, would be the latest in a series of combinations that has transformed the advertising and marketing communications industry in the last three years.

Satchi & Satchi blended together agencies like Ted Bates Worldwide and Backer & Spielvogel to reach its No. 1 status. BBDO,

Pan Am to Sell Unit To Johnson Controls

Reuters

MILWAUKEE — Johnson Controls Inc. said Monday that it had reached a definitive agreement to acquire Pan Am World Services Inc. from Pan Am Corp., subject to regulatory clearances.

Johnson, which makes building controls and automotive products, said the price would be disclosed on completion of the transaction, which is expected during the current quarter. Pan Am World Services provides facility management services for military bases, space centers and commercial airports. It had 1988 revenue of about \$600 million.

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PEUGEOT S.A.

The Supervisory Board of Peugeot S.A. met on April 19 1989. The Board of Executive Directors presented the 1988 consolidated results for the PSA Group, and announced the dividend for the year to be proposed at the Annual General Meeting of Shareholders.

1 — PSA Group

1 — Results

The 1988 results show consolidated income of FF 14,875 million before taxes and minority interests, an increase of 73.3% on the 1987 total of FF 8,583.3 million. This represents 10.7% of consolidated sales, compared with 7.3% in 1987. Net consolidated income before minority interests amounted to FF 9,192 million, up by 32.1% on the FF 6,956 million in 1987. Net consolidated income after minority interests amounted to FF 8,848 million, being an increase of 31.9% on the previous year's FF 6,709 million.

Consolidated net sales increased to FF 138,452 million, up by 17.2% on 1987, due mainly to growth in the sales volume of the Group's two makes of automobile, particularly in foreign markets. Sales outside France accounted for 54% of this total, compared with 51.2% in 1987. For the third consecutive year, the PSA Group should be France's leading exporter, with exports worth FF 55.5 billion, which is an increase of 23.6% on 1987.

The increase in net operating expenses (FF 120,805 million) was limited to 13.2% so that the operating margin amounted to FF 17,647 million, up by 54.1% on the 1987 total of FF 11,455 million. This represented 12.7% of consolidated sales, compared with 9.7% in 1987.

Net financial expenses were reduced from FF 3,012 million to FF 1,874 million, due mainly to a significant reduction in the net financial debt. On the other hand, restructuring costs rose from FF 326 million to FF 847 million, while other net income and expenses (including FF 867 million in payments to a pension fund during the year) amounted to FF 1,215 million, compared with FF 577 million in 1987.

Net corporate income tax amounted to FF 5,663 million in 1988, compared with a 1987 net total of FF 1,627 million having fully used all tax carryforward credits on previous losses.

2 — Financing

The increase of investments in property was more pronounced than in the previous year, rising by 35.3% to FF 11,951 million, and representing 8.7% of consolidated sales, compared with 7.5% in 1987. This underscores the determination of the PSA Group to arm itself with the product lines, industrial facilities and commercial advantages necessary to confront international competition and achieve its objectives in the coming years.

Total applications of funds, taking account of new charges and the acquisition of shares in subsidiaries and related companies, amounted to FF 12,368 million, or to FF 12,787 million including dividends paid in respect of 1987.

As with the previous year, total resources amounting to FF 15,607 million amply covered capital expenditures. These were as follows:

— Internal funds amounted to FF 17,215 million, including FF 16,017 million in working capital provided from operations alone. This figure, which no longer

SWISS: Companies Are Paying More Attention to Their Stockholders

(Continued from first finance page)

have not published consolidated results. As a result, it has been difficult for a funds manager to assess what he is buying.

"We have the feeling that foreigners are not interested in investing more without more information," said Peter Buomberger, chief of research at Union Bank of Switzerland.

Credit Suisse, the third-largest Swiss bank, has heeded the call and has begun publishing some consolidated figures, while Mr. Buoliger said that there was a "fair likelihood" that Union Bank, the largest bank in Switzerland, would start publishing some consolidated results as early as those for 1989. He also said that the bank might start giving information about movements in its hidden reserves although it would not publish the value of those reserves.

Certain companies are going beyond numbers and providing even more transparency by setting up holding companies.

Crédit Suisse, Alusuisse, Hoffmann-La Roche and Sandoz are among those who have recently decided to group their widely scattered and complex empires under one roof, a strategy taken at least in part to make the total holdings more transparent to outsiders.

In addition to offering more information, some companies are giving foreigners a special break by giving access to registered shares. These shares were, and in most companies still are, a sacred preserve of Swiss citizens, while foreigners have generally been relegated to holding only bearer shares. Although both categories have all the same voting rights, bearer shares traditionally cost about twice as much as registered shares because they traded in a more competitive market.

But this abruptly changed last November when Nestlé made history by becoming the first major Swiss company to let foreigners buy registered shares. Unfortunately, Nestlé made more history than it had planned, because there

was an immediate run on its registered shares, while the bearer shares, which are traded separately, plummeted in value.

Suspicious that other companies would offer registered shares to foreigners has led to the same pattern elsewhere. The overall market capitalization of the Zurich exchange held in bearer shares slipped to 46.6 percent at the end of March from 50.8 percent five months earlier, while registered shares rose to 38.4 percent from 33.2 percent. In the case of some banks and industrials, the value of the registered shares rose so high that it has topped the bearer shares.

Since foreigners were infuriated to see the value of their holdings drop while Swiss investors snugly rode their privileged registered shares to post considerable gains, it seems likely that foreign investors will demand access to the cheaper class of shares from other companies.

"Our people were often laughed at during road shows in the U.S.

because investors there wanted to know why basically the same share cost a lot less if you had a red instead of a blue passport," said Francois Perroux, spokesman for Nestlé.

"In the long term, all the multinationals will have to go down the road that Nestlé took," said Mr. Dähler of UBS Phillips & Drew. Already, nearly a dozen companies have done so.

In the short term, the market was so jostled by the Nestlé move that West Germany's Commerzbank advised caution this week and said in a report that "speculation whether other Swiss companies will follow Nestlé's example continues" and has caused many foreigners to distance themselves from the Swiss market.

Nestlé is being careful in its new statute proposals to limit any single shareholder to no more than 3 percent of share capital, and others are likely to invoke similar conditions, making surprise takeovers a virtual impossibility.

**Monday's
AMEX
Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere
Via The Associated Press

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Be sure that your

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

CAREER OPPORTUNITIES

INTERNATIONAL LIVESTOCK CENTRE
FOR AFRICACENTRE INTERNATIONAL POUR
L'ÉLEVAGE EN AFRIQUE

ADDIS ABABA - ETHIOPIA

INTERNATIONAL LIVESTOCK CENTRE
FOR AFRICA (ILCA)ANIMAL BREEDER
VACANCY INT/003/89

GENERAL

The International Livestock Centre for Africa (ILCA), with headquarters in Addis Ababa, Ethiopia is one of the 13 international agricultural research organizations which are supported by the Consultative Group on International Agricultural Research (CGIAR). The Centre has research activities throughout sub-Saharan Africa and regional offices in Kenya, Nigeria, Niger and Mali.

ILCA's major activities are research, training and information, and its goal is to achieve measurable and sustainable increases in livestock output in sub-Saharan Africa.

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Position

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Red Lobster Tactic: Buttering Up the Customer

By Douglas C. McGill
New York Times Service

FORT WALTON BEACH, Florida — The scene, at a Red Lobster restaurant that opened recently here, is a cross between a pep rally and a pop quiz. A large room is filled with ravenous students learning the basics of their trade: waiting on tables.

Their enthusiastic teacher raises his clenched fists over his head, fires off questions and exhorts his students to answer as loudly as they can:

"What's the first thing we do at the table?"
"SMILE!" booms the class.
"And the second thing?"
"SAY SOMETHING PERSONAL!"

"And the third thing?"
"DESCRIBE THE SPECIAL FEATURES!"
"Very good! And what will be our vegetables of the month?"
"BROCCOLI AND CARROTS!" comes the ringing reply.

And so, in a burst of energy, begins a new Red Lobster restaurant, the latest eating house to be added to the world's largest — and still rapidly growing — seafood restaurant chain.

Starting with one restaurant in Florida in 1968, Red Lobster, after its purchase by General Mills Inc. in 1970, grew explosively in the 1970s and 1980s.

It now includes 513 restaurants in the United States, Canada and Japan. North American sales were \$1.13 billion last year.

While General Mills provided the financial clout that fueled Red Lobster's growth, industry experts attributed its success to something more fundamental: innovation.

With the eating and working habits, spending patterns and dietary fables of the American public in constant flux, Red Lobster has found, and in some cases created, the techniques it needed to stay a step ahead.

"They have a machine in place for expansion," said Timothy Ramsey, a food industry analyst for County NatWest USA.

"They have a concept that works extremely well, but they also constantly refresh their franchise. Red Lobster today looks nothing like Red Lobster five years ago. They'll throw in mesquite grills and then take them out. If Cajun food is hot, they'll put five Cajun entrees on the menu. Whatever's hot, they do it."

The hottest feature at Red Lobster today, however, is not a menu

garnishing techniques and the like. Trainees are not left off easy. At the training program, every minute of every day was taken up in classes, trial runs, quizzes and contests.

On the first day, the students were given homework: to memorize the entire menu. The next morning, they were given a written test on the material; the highest scorer won \$100.

There was a contest to see who

the dishes," she began, smiling at the worried faces that flashed through her class, "now you can tell me about them. Chris, tell me about the popcorn shrimp."

"Popcorn shrimp," says Chris, stammering, blanching. "Oh — it's shrimp — and it's, ah, it's popcorn-sized, and..."

"It's bite-sized, lightly-breaded and golden-fried," Judy corrected quickly. "You need to know this,

styles. The competition has thus shifted to service.

Eating out "has become a kind of sport, an entertainment," explained Peter Romeo, an editor at Nation's Restaurant News, a trade journal.

Polls and surveys have pinpointed the exact role that service, either good or bad, plays in a diner's decision to eat out: It is a leading reason why a person decides to return to a restaurant, or to shun it thereafter.

A Gallup survey in 1987, for instance, found that "good service" was virtually never a reason why people choose to go to a restaurant in the first place. The two most frequently cited reasons for that were "Recommended by a friend" (44 percent) and "Curiosity" (20 percent).

Quality of service, on the other hand, was the second-most-cited reason why a person would either return to, or avoid, a restaurant.

In the Gallup poll, 63 percent said they would not return to a restaurant because of bad service, compared with 43 percent because of the quality of food, and 15 percent because of high prices.

"What it all boils down to is your experience with the server," explained Phil Pritchard, Red Lobster's executive vice president in charge of restaurant operations.

"I have a dry cleaner where I have my shirts done, and they don't exactly do my shirts the way I think they ought to. But I like them, personally, and that's why I have my shirts done there. It's the people, almost every time."

In response to such data and observations, Red Lobster completely overhauled its table service procedures in 1986.

The new techniques were borrowed wholesale from restaurants that made service a specialty: the upscale, "Would-you-like-some-fresh-ground-pepper-with-your-salad?" sort of place.

Most crucially, all Red Lobster waiters and waitresses are encouraged to show a bit of their personality while meeting guests.



Red Lobster trainees at the final day of a four-day seminar in Fort Walton Beach, Florida.

item — not even the restaurant's reasonable prices (the average dinner check is around \$11), their large selection (more than 100 seafood items on the menu), or the restaurant's clean, tasteful decor.

No, the big ticket item at Red Lobster today is, simply good service, as in having your waiter greet you with a smile, ask you a personal question and tell you about the vegetables of the day.

To ensure good service, the restaurant mounts a four-day training course for servers before each restaurant opens, and thereafter requires its staff to attend monthly classes to polish skills and learn new trends in salad presentation,

could use the computer the fastest, and another to determine which server was best at describing deserts accurately, temptingly and entertainingly.

Some of the seminars taught precisely the phrases to be used in such presentations. Judy Limbach, for instance, taught a class on entree items.

She circled a long table covered with every main dish on the menu, which she picked up, one by one, and described in detail.

When she put down the last dish, she walked back to the first one, picked it up and commenced a surprise quiz.

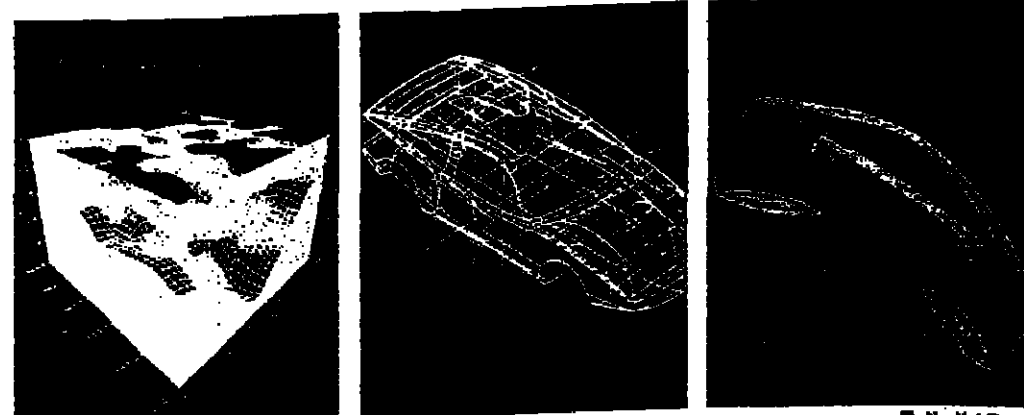
"Now that I've told you about

honey. You need to describe it so it sounds really good."

Like every detail in a Red Lobster restaurant, the particulars of the service are the result of Red Lobster's scrutiny of surveys and interviews that tell them exactly what their customers want.

What makes service so important today, industry observers said, is that after several decades of steady growth in the number and types of restaurants, a saturation point has been reached.

Good food at reasonable prices is relatively common, and most people eating out in the United States can choose between a great variety of regional and foreign



IBM knows the work-station market is heading toward tremendous growth, as the stations used by product designers become standard office equipment. Left to right, a three-dimensional map, computer-aided design software used to design cars, and three-dimensional telephone handset design.

IBM: Computer Maker Braces to Enter a New Market

(Continued from first finance page)

Stephens & Co., an investment firm in San Francisco.

A predominant role in the work-station market is not a certainty for IBM, analysts say. "IBM has such a poor track record in the work-station market and entirely new management that it is not inevitable that they will become the dominant player," said Mr. Rogers.

The opportunity is there but they may not have the ability to capitalize on it."

Analysts said there are three obstacles that IBM must overcome: the black eye the company suffered more than three years ago when its first IBM-RT work stations met with a disappointing reception; the possibility that the company may not be able to keep pace with the aggressive price performance of its competitors' work stations; and the fact that buying decisions for these stations are often made by technical experts and not by management information-system managers, who have been a traditional IBM stronghold.

If history is any indicator, though, IBM should have a good chance to overcome these hurdles.

The company has a tradition of waiting for computer markets to mature, then entering and dominating them. This will be the test year for the company in the work-station arena; internally, the computer maker has set a goal of gaining what a top strategic planner for the company, William Filip, calls "a leadership role" in the industry by 1991 or 1992.

Until he was stripped in December of his position as vice president and general manager for advanced engineering systems in the entry systems division, Mr. Heller played a substantial role in pushing IBM to face the challenges posed by the advent of the more powerful micro-processor-based work stations.

However, his commitment to pure technical performance at a company where marketing considerations often dominate, ultimately led to his downfall.

Mr. Heller, who is now dividing his time between consulting for IBM and the Silicon Valley venture-capital firm of Kleiner, Perkins, Canfield & Byers, refused to be interviewed for this article.

However, from interviews with a number of current and former IBM executives, a picture emerges of a man with the mission of personally altering the course of the nation's dominant computer maker.

"Andy became too much of a zealot within the organization, and IBM does not stand for champions in that way," said a computer scientist close to the company, who requested anonymity. "IBM is not an entrepreneurial culture. That was Andy's failing."

While at IBM, Mr. Heller, who is now 42, acquired a reputation as a brilliant but aggressive computer designer, both of mainframes and of high-powered, single-user computers.

An individual who dresses in open shirts and cowboy boots rather than the pin-stripe suits that are an IBM emblem, Mr. Heller had long been a controversial figure at the computer maker.

His style offended many executives at IBM, said several of those who worked with him.

According to his associates, Mr. Heller considered himself a "wild duck," an IBM internal label used to refer to skilled computer designers at the company who refuse to "fly in formation" — in other words, who refuse to conform to IBM's corporate culture.

Early on in the 1970s, he was involved in IBM projects that cre-

ated Mr. Heller announced that his goal was to pack the power of an IBM mainframe computer into a desktop machine that runs the Unix operating system. Yet while such a technically ambitious goal was impressive, several former executives said it also presented IBM with vexing problems: an expensive powerful work station that runs standard industry software might easily cannibalize sales of larger, more profitable proprietary systems.

According to several former IBM executives, Mr. Lowe, who resigned in December to go to Xerox Corp., was Mr. Heller's protector for the work-station project.

Mr. Heller also had support from Jack Kuehler, a member of IBM's executive committee and the company's highest-ranking technical employee, and from John E. Bertram, a leading IBM researcher until his death in 1986. But Mr. Heller was forced to relinquish his management authority last December, when Terry R. Lantenbach, senior vice president and general manager of IBM United States, abruptly decided to transform the Austin laboratory into the new advanced work-station division.

Company executives said Mr. Heller's change of assignment was a personnel matter and that it had no impact on the company's commitment to playing a larger role in the Unix or the work-station market. They said Mr. Heller had lost his position because he excelled in starting ventures, not in managing large programs.

The reorganization decision, which effectively bound the design laboratory more closely to those who make marketing decisions, was "the final straw" for Mr. Lowe, said a former executive who requested anonymity. The move also angered Mr. Heller. He considered leaving the company and had interviews with several Silicon Valley companies before deciding to stay at IBM as a consultant.

The challenge the work station presents IBM goes deeper than proving sheer technical prowess. The company must fundamentally alter the way it views the computer industry, analysts said.

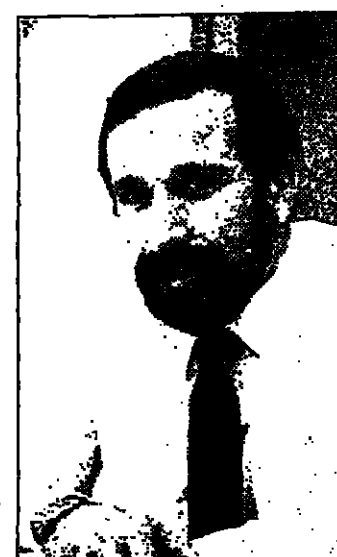
"It's like how the train companies were when they were threatened by the automobile," said Paul Saffo, an analyst who has studied the work-station market at the Institute for the Future, a research group in Menlo Park, California.

They were train men and although intellectually they knew the problem, emotionally they could never make the change because they liked trains. IBM knows that they have to make this change, but emotionally they can't do it."

IBM's competitors say the giant computer maker will have a tough time altering its business philosophy to compete in the intensely combative work-station market.

"When you think of IBM, you don't think of price performance," said Scott McNealy, president of Sun Microsystems Inc., its competitor.

"They're stuck with the proprietary overhead of their minicomputer and mainframe business models."



R. Andrew Heller left IBM after losing control of a work-station development group.

ated the first reduced instruction set computing designs, or RISC, an innovative approach that significantly increases computing speeds.

The approach has recently been widely adopted by other computer designers.

Several years ago, he became convinced that the computer maker must break its three-decade tradition of setting its own hardware and software standards, and instead build computers that successfully compete head-to-head based on the increasingly popular Unix operating system standard.

Unix, a basic computer-control program developed almost 20 years ago at Bell Laboratories, has become increasingly popular in the past year as computer makers have sought to offer network computing capabilities that permit competing manufacturers' equipment to work together.

In early 1986, Mr. Heller moved to Austin to take over a newly formed independent business unit that focused on hardware and software work-station technology. It was under the wing of IBM's entry system division, then being run by William Lowe.

Mr. Heller ultimately had as many as 1,600 programmers and hardware designers working for his unit. Mr. Lowe had created a similar independent business unit a number of years before to quickly develop the IBM personal computer outside of the more bureaucratic IBM channels. The company has traditionally used this strategy to respond quickly to new developments in the computer business.

At a number of public technical

IS WOMAN TO BE TRUSTED AT THE AUTOMOBILE STEERING WHEEL?

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TOTAL GROUP

TOTAL COMPAGNIE FRANÇAISE DES PETROLES

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 1988

During its meeting on 26 April 1989, the Board of Directors reviewed the 1988 consolidated financial statements of the TOTAL Group as certified by the corporate auditors. The main items are as follows:

In millions of French francs (MF)	1988	1987(*)	1987
	New accounting methods	Before restatement	
Turnover	83,290	86,743	87,087
Funds generated from operations	7,153	6,428	6,647
Fund from operations (excluding stock holding effect)	7,753	6,208	6,427
Consolidated result	1,955	1,275	1,550
Minority interests	476	(41)	94
Net result (TOTAL CFP share)	1,479	1,316	1,456
Net result (TOTAL CFP share excluding stockholding effect)	2,059	1,196	1,336

(*) In accordance with the decree implementing the French law on consolidated financial statements, certain changes were made to accounting practices in 1988. The 1987 figures have therefore been restated for comparison purposes.

Net result excluding stockholding effect considerably improved

Net accounting profit (Group share) was Fr.40.7 per share in 1988 against Fr.36.3 in 1987.

The reversal of the stockholding effect makes it difficult to compare the accounting results from one year to the next. As a consequence of the downturn in prices in 1988, the stockholding effect was negative by Fr.600 million (of which 580 for the TOTAL CFP share while it had been positive by Fr.220 million 1987 (of which 120 for the TOTAL CFP share).

Excluding stockholding effect, the net result (Group share) improved by 72% against 1987.

The capital gains from sales of assets were Fr.0.6 billion in 1988 against Fr.1.6 billion in 1987; the latter included a capital gain of Fr.1.1 billion on the disposal of assets for the Italian downstream subsidiary.

Improvement on the refining side; contraction of the upstream side; good performance in chemicals and in financial activities.

The ongoing rationalization of the downstream sector helped to boost operating results. The refining margins which were very poor at the beginning of the year showed a marked recovery in the second half. This phenomenon made these activities profitable abroad and, in France, improved the results of the subsidiary. On the upstream side, results, while remaining positive, were affected to some extent by the downturn in prices. The Group's diversification activities made a greater contribution to the overall result than in 1987, thanks to the significant improvement in the performance of the chemical and chemical-related sector (HUTCHINSON) and of the financial holdings, as well as to substantially reduced losses in mining.

The Group's investment were especially large in 1988, with in particular, the purchase of the U.S. corporation CSX OIL AND GAS. Their gross amount was Fr.14.4 billion against Fr.8.5 billion in 1987.

TOTAL

SPORTS

Johnson Is Magic for Lakers and Pistons Triumph

The Associated Press

Magic Johnson had 35 points, 12 assists, eight rebounds and five steals as the Los Angeles Lakers defeated the Portland Trail Blazers, 113-105, on Sunday in Los Angeles in the second game of the best-of-5 series. The Lakers have a 2-0 lead in the series.

"They just make the plays they need to time and time again," Portland coach Rick Adelman said.

NBA PLAYOFFS

The Lakers didn't trail after taking a 35-23 lead at the end of the first quarter. Johnson kept Los Angeles in front by hitting four of eight 3-point attempts.

"Over the years I shot it only because the shot clock was running down," Johnson said. "This year I'm just looking to shoot it."

After the Lakers led by 10 at halftime, the Trail Blazers closed the gap to 69-62 with 6:42 left in the third period, but the Lakers went on to take an 86-76 advantage into the final period. The Lakers quickly stretched their lead to 98-78, then cruised.

Pistons 102, Celtics 95: In Detroit, the Pistons outscored the Celtics 21-13 in the fourth period for a 2-0 lead. Boston led by as many as nine in the third quarter and started the fourth with an 82-81 lead. But a 3-pointer by Mark

Aguirre gave Detroit an 88-86 lead with 9:50 remaining and the Pistons never relinquished it.

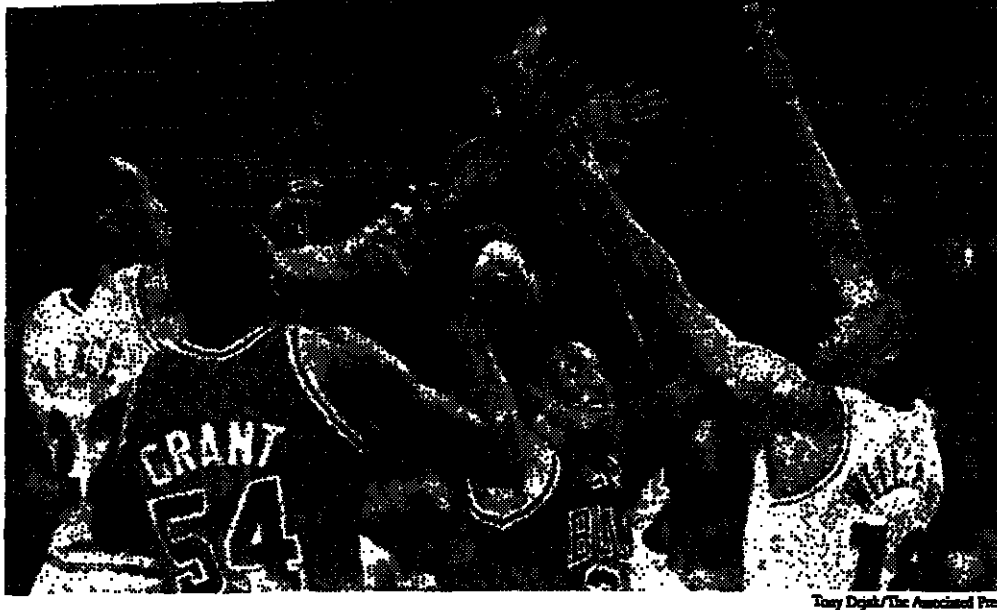
Cavaliers 96, Bulls 88: In Cleveland, the Cavaliers pulled even with Chicago in games, 1-1, as Ron Harper scored 31 points and Larry Nance had eight during a 13-6 third-quarter rally. Harper scored 21 points in the first half, a team playoff record, and his layup put the Cavaliers ahead 49-47 with two seconds left. Michael Jordan finished with 30 points for the Bulls.

SuperSonics 109, Rockets 97: In Seattle, the SuperSonics overcame Akeem Olatunji's 30-point, 12-rebound, 10-dunk performance as Alton Lister and Xavier McDaniel each scored 20 points. With Lister scoring eight points in the last quarter, the SuperSonics broke away after leading 75-73 going into the period. Seattle outscored the Rockets 34-24 in the final 12 minutes.

Suns 132, Nuggets 114: In Phoenix, Kevin Johnson scored 34 points, Tom Chambers 24 and Edie Johnson 21 for the Suns, who pulled ahead to stay with an 8-0 run late in the first period that gave them a 30-24 lead. Phoenix extended its edge to 42-27 with a 10-0 run behind Chambers' six points, and Kevin Johnson had five points and Eddie Johnson four in a 15-4 spurt that gave the Suns a 65-41 lead 2:15 before halftime. The Nuggets got no closer than 11 in the second half. The Suns are up 2-0 in the series.

SATURDAY GAMES

Warriors 99, Jazz 91: In Salt Lake City, Chris Mullin scored 22 points and Rod Higgins hit consecutive 3-point goals to spark a 14-0



Scott Pippen of the Bulls, center, met a tangle of Cavaliers, who went on to even the series, 96-88.

run late in the game for Golden State. They now have a 2-0 lead in the series. The Warriors trailed 60-49 when Thurl Bailey scored with 8:18 left in the third quarter. But the Warriors took charge from there. Golden State outscored Utah 22-14 the remainder of the third quarter and held Utah to just seven field goals in the final quarter.

Bucks 108, Hawks 98: In Atlanta, Terry Cummings scored 22 points and reserve Ricky Pierce 20 for Milwaukee to even the series at 1-1. Milwaukee never trailed after Jay Humphries hit two free throws with 2:59 left in the second quarter,

breaking a 44-44 tie. Milwaukee led by seven points at halftime before Atlanta rallied at the start of the third. A 3-point basket by Jack Sikma and a jumper by Cummings stretched the lead to 63-57 and Atlanta never was able to get closer than two points the rest of the way.

Knicks 107, 76ers 106: In New York, Trent Tucker's 3-point goal with 10 seconds remaining climaxed an 11-0 run that wiped out a 10-point deficit in the final two minutes, giving New York the victory and a 2-0 lead in the series. The 76ers, with Charles Barkley and Ron Anderson scoring nine points apiece in the fourth quarter, had a 106-96 lead on Barkley's two free throws with 2:12 remaining. Barkley finished with 30 points and Anderson 26.

Mark Jackson, held to six points until then, came back with a 3-point goal, a free throw and a jumper to make it 106-102 with 59 seconds left.

Gerald Wilkins then stole the ball and hit a baseline jumper with 50 seconds to go, cutting the lead to two. The Knicks then prevented Maurice Cheeks from crossing midcourt, forcing a 10-second violation.

The Knicks kept possession until Jackson passed to Tucker for the game-winning 3-pointer, his only points of the game.

FRIDAY GAMES
Suns 104, Nuggets 103: In Phoenix, Tom Chambers converted two free throws with three seconds remaining and rookie Dan Majerle

made a game-saving steal for Phoenix. Denver got eight points from Walter Davis in a 19-5 run that tied the score 99-99 with 1:13 left.

After Bill Hamzik missed two free throws with 53 seconds to go, Kevin Johnson sank a foul shot for a 100-99 Suns lead with 37 seconds left.

Pistons 101, Celtics 91: In Auburn Hills, Michigan, Joe Dumars scored 12 of his 25 points and John Salley blocked five shots as Detroit held Boston to a record-tying 10 points in the second quarter. Salley tied a club record with his five blocked shots during the quarter as the Pistons, who led 27-25 after one period, surged to a 15-point lead on a jumper by Dennis Rodman with 2:29 remaining in the half.

Bulls 95, Cavaliers 88: In Cleveland, Michael Jordan scored 31 points and Scottie Pippen scored off shoulder problems to score 13 of his 22 in the decisive third quarter for Chicago.

SuperSonics 111, Rockets 107: In Seattle, Derrick McKey and Xavier McDaniel each made two free throws in the final 20 seconds for Seattle. Houston led 105-104 with 1:20 left after a three-point play by Akeem Olatunji and a pair of baskets by Buck Johnson brought Houston back from a 104-98 deficit.

But Sedale Threatt, who came off the Seattle bench to score 22 points, made an 18-foot fallaway jumper with 1:01 remaining to put Seattle in front to stay at 106-105.

SIDELINES

Bruins' Coach Reportedly Resigns

BOSTON (AP) — Boston Bruins coach Terry O'Reilly resigned Monday after two full years behind the bench and one trip to a Stanley Cup final, according to players.

The news came after a closed-door meeting with Bruins general manager Harry Sinden. Boston was knocked out of the second round of this year's National Hockey League playoffs by Montreal in four straight games.

Neither O'Reilly nor the Bruins could immediately be reached for confirmation of the players' reports.

'55 Mercedes Wins Italian Classic

BRESCIA, Italy (AP) — The Italian duo of Flaminio Valeriani and Antonio Favero won the 1,000 Miglia racing classic on Monday, driving a 1955 Mercedes 300 SL.

Stirling Moss, the former British Formula One champion, turned in the best placing by a non-Italian, finishing 21st at the wheel of a Mercedes 200 SL. Moss, who will turn 60 in September, dropped from the eighth place he had gained in the earlier trials.

Foreman Stops Williamson in Fifth

GALVESTON, Texas (AP) — George Foreman, 40, stopped J.B. Williamson with a flurry of punches in the fifth round Sunday to remain undefeated in his comeback bid. Foreman immediately challenged the heavyweight champion Mike Tyson. Foreman, former heavyweight world champion, improved his overall record to 61-2. He is 17-0 since coming out of retirement two years ago.

U.S. Defeats Costa Rica in Soccer

ST. LOUIS (AP) — Midfielder Tab Ramos scored in the 72nd minute to give the United States a 1-0 victory Sunday over Costa Rica in a World Cup qualifying soccer game.

The victory gave the United States a 1-1 record in regional cup qualifying play and averaged a 1-0 loss on April 16 in Costa Rica.

For the Record

Justo Antonio Samananch, president of the International Olympic Committee, is expected to be released Tuesday from a clinic in Barcelona where he has been recovering from a bleeding colon ulcer, according to a clinic spokesman.

Kathy Postlewait shot a final round three-under-par 69 Sunday to post a one-stroke victory over Val Skinner in the \$425,000 Ladies' Professional Golf Association Sara Lee Classic in Nashville, Tennessee. The victory, worth \$63,750, was the fourth in 15 years on the tour for Postlewait, who finished with a 13-under 203.

Greg Norman of Australia started with two birdies Sunday en route to a two-under-par 68 and a three-shot victory in the \$70,000 Channel Crowns golf tournament in Togocho, Japan. Norman, who earned \$138,000, finished with an eight-under-par 272.

Bernhard Langer of West Germany shot a final-round par 72 and won the \$425,000 Spanish Open golf tournament Sunday in Valencia. Langer earned \$70,800 for his seven-under-par 281.

The Soviet Union won the men's team championship, and Valeri Belenky upset teammate Vladimir Artemov for the all-around title Sunday in the McDonald's Challenge, the first gymnastics competition between the United States and the Soviet Union since the Seoul Olympics. The event was held in Columbus, Ohio. In the women's competition on Saturday, Brandy Johnson of the United States won the all-around title, and the Soviet Union took the team championship.

Quotable

• Nancy Lopez, the golfer: "Finishing second or third doesn't do anything for me. The money is great, but winning is what it's all about. The thrill of making a 10-footer on the final hole and having the hit stand up on the back of your neck. That's exciting." (LAT)

Argentine Topples Wilander and Becker

The Associated Press

MONTE CARLO — In only the second final of his professional career, Alberto Mancini, 19, of Argentina upset Boris Becker to win the \$607,500 Monte Carlo Open tennis tournament Sunday.

Mancini battled for more than four hours before stopping Becker, 7-5, 2-6, 7-6 (7-4), 7-5.

The victory was worth \$122,900, the biggest paycheck of Mancini's career. Becker received \$61,450.

Mancini won his first final, last year in Bologna, Italy. Prior to Sunday, he had career earnings of less than \$155,000. Now ranked 31st in the world, Mancini upset top-seeded Mats Wilander in the semifinals and Becker, the No. 2 seed, in the

final on successive days. Wilander and Becker are ranked two and three in the world.

"To beat Wilander and Becker on center court in Monte Carlo... it's like a dream," Mancini said.

Becker was playing in the first clay-court final of his pro career. The last time he reached a final in a clay-court tournament was in a junior event in 1984.

15-Year-Old Upsets Evert

Monica Seles, 15, a native of Yugoslavia who now lives in Florida, won her first professional tennis tournament Sunday, upsetting top-seeded Chris Evert, 3-6, 6-1, 6-4, in the Virginia Slims of Houston to win the \$50,000 top prize. The Associated Press reported.



Alberto Mancini: clay king.

CHESS

By Robert Byrne

SOME players seem to think they will never get to heaven if they play imperfect combinations. The decision to attack or not to attack weighs so heavily that when they finally come to a decision they are in such awful time-pressure that nothing else matters.

The opposite extreme was represented by Frank Marshall, United States champion from 1909 to 1936. So excited was he at the chance to launch a mating attack that he would often sacrifice heavy material without having done more than a cursory analysis of the tactical consequences. One result was that some of his scoresheets bear the annotation "next to some of his finest feats of fantasy - a humble admission that he was letting his marvelous hunches dominate his thinking."

Of course, controlling the course of complex play by venturesome sacrifices invites imperfect defense from the opponent. So maybe in the long run the less-than-ironclad combination is pragmatically worth its salt.

The Oakland grandmaster Nick De Firmian spun off a sparkling, Marshall-style attack in defeating the Spanish international master Juan Mario Gomez in the second round of the New York International Open Tournament March 20 at the Penta Hotel.

The challenging Velimirovic Attack featuring castling on opposite wings after 9-0-0 gives scope to the kind of attacking play that De Firmian loves to

throw himself into. One of its niceties is that after 12 R4d, an attempt to seize material with 12...c5? falls against 13 R4 Q8 14 g5 Ne8 15 R4 B7 16 Nd5 Bb5 17 Bb6 Qd7 18 Qd4 Bb8 19 Qd7 Bd7 20 R3 Bc5 21 Be3, which produces an endgame advantage for White.

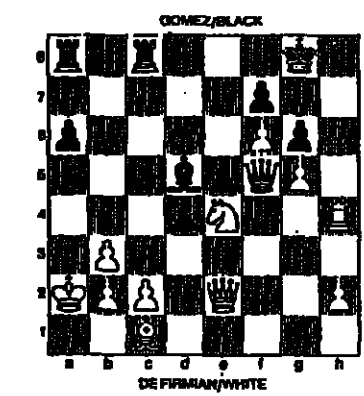
Once White has played 19 R3d3, precautions against the threat of 20 Qd5 and 21 Rh3 must be taken. In playing 19...g5, Gomez was looking ahead to 20 f6 Bc6 21 c5! b4 22 Rb4 Qa5 23 R4 Qe5 24 Rg3, expecting that his 24...h6 (24...h5? 25 Rh5! g6 26 Qh5 Bg7 27 Qh7 Kf8 28 Qh8! Bb8 29 Rh8 mate) would hold White at bay.

De Firmian, ardent undampened, promptly sacrificed the exchange with 25 Rh6! Bb6 26 Rh6, with the plan of somehow setting up a mate with Q2 and Q4. But it wasn't that easy; after 26...Qf5, Black could answer 27 Qe1 by 27...Bf3 and 28...Bb5.

But on 27 Rb4, De Firmian could be happy about 27...Bf3? 28 Q2 Bb5 29 Qe1! of 30 Nd5 Rcd8 31 Ne7 Kf8 32 Nf5.

The critical point of the game was reached after 30 Ne4: the only defense that had a chance of standing up would have been 30...Be4! 31 Re4 Rb5 32 b4 Rb5.

Instead, Gomez erred with 30...Bd5? and was instantly annihilated by De Firmian's 31 Qe1! The only defense against the looming 32 Rh8! Kh8 33 Qh4 Kg8 34 Qh6 was 31...Qf3 (or 31...Rc2 32 Rh8 Kh8 33 Qh4 Kg8 34 Qh6 Bb3 35 Ka3!).



Position after 30...Bd5

but then 32 Nd2! robbed the black queen of the only square for defense. Gomez, threw material, but after 36 Re4, his piece-down endgame made him give up.

SICILIAN DEFENSE		White		Black	
White	Black	White	Black	White	Black
1. e4	c5	2. Nf3	c6	3. d4	cxd4
4. Nxd4	e6	5. Nc3	d5	6. Bg5	dxc3
7. Bc4	b5	8. Bb3	a6	9. Qd2	Qc7
10. Bf4	Qc7	11. O-O	Qc7	12. Bf4	Qc7
13. Bf4	Qc7	14. Bf4	Qc7	15. Bf4	Qc7
16. Bf4	Qc7	17. Bf4	Qc7	18. Bf4	Qc7
19. Bf4	Qc7	20. Bf4	Qc7	21. Bf4	Qc7
22. Bf4	Qc7	23. Bf4	Qc7	24. Bf4	Qc7
25. Bf4	Qc7	26. Bf4	Qc7	27. Bf4	Qc7
28. Bf4	Qc7	29. Bf4	Qc7	30. Bf4	Qc7
31. Bf4	Qc7	32. Bf4	Qc7	33. Bf4	Qc7
34. Bf4	Qc7	35. Bf4	Qc7	36. Bf4	Qc7
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43. Bf4	Qc7	44. Bf4	Qc7	45. Bf4	Qc7
46. Bf4	Qc7	47. Bf4	Qc7	48. Bf4	Qc7
49. Bf4	Qc7	50. Bf4	Qc7	51. Bf4	Qc7
52. Bf4	Qc7	53. Bf4	Qc7	54. Bf4	Qc7
55. Bf4	Qc7	56. Bf4	Qc7	57. Bf4	Qc7
58. Bf4	Qc7	59. Bf4	Qc7	60. Bf4	Qc7

BOOKS

OURS: A Russian Family Album

By Sergei Dovlatov. Translated by Anne Frydman. 135 pages. \$15.95. Weidenfeld & Nicolson, 10 East 53d Street, New York, N.Y. 10022.

Reviewed by Eva Hoffman

THE Soviet Union is a country in which a lot has happened and in which it has happened on a colossal scale. In many Soviet writers — approved or dissident, homebound or exiled — the extravagances and enormities of their history have stimulated a sort of imitative epic grandeur, a massive realism and sometimes a sharp, satiric humor.

Sergei Dovlatov's task is just the opposite: extreme condensation, understatement and an irony so affable and bemused that it tends less toward darker tones than toward a quality most rare in Soviet literature because it is characteristic of a relaxed, unthreatened consciousness — charm.

Dovlatov, who emigrated from the Soviet Union in 1978 and lives in New York, has published all of his work, including two books — "The Compromise" and "The Zone" — in the United States, but his material remains for the most part Russian.

"Ours," deftly translated from the Russian by Anne Frydman, is a collection of brief family portraits dating roughly from the revolution to exile. Each vignette delineates, in quick, spare strokes, a character in the shape of a lifetime.

All of them manage — perhaps because they are framed by the long telescope of memory — to combine the texture of a documentary with the sharpness of fiction.

Yet within this small and informal canvas, Dovlatov casually compresses a wealth of revealing detail and large expanses of history.

There is, for example, the story of Grandpa Isak, a giant of a man who is known mostly for eating too much and who is shot in a prison camp seemingly because he had a visitor from Belgium who happened to be a friend of his emigrant son.

There is Aunt Mara, an editor who has had books inscribed to her by the wrong people but who is nevertheless genuinely upset when Anna Akhmatova and Boris Pasternak begin to be persecuted.

Dovlatov is laconic almost to a fault.

Because he so resolutely avoids overt emotion, the stories occasionally tend to glide on the anecdotal surface; the jokes, just once in a while, get glib. Most of the time, though, the restraint works as a refreshing antidote to the excesses of the events Dovlatov describes.

The people he describes so forgivingly do not wrestle with history; rather they get caught up and confused by it, as they get caught up and confused by their affairs, careers, failures and divorces.

Dovlatov's irreverence, which never turns harsh, but which refuses to take the system with the seriousness it craves, is surely a form of dissidence at its most successful, a writer's best graceful revenge.

Eva Hoffman is on the staff of The New York Times.

PEANUTS



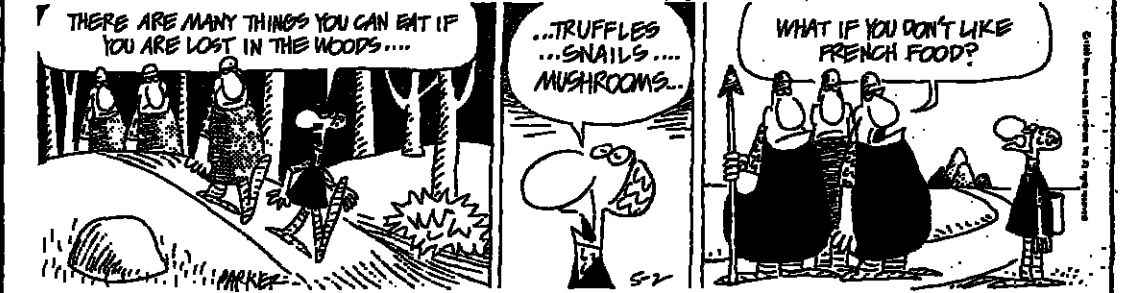
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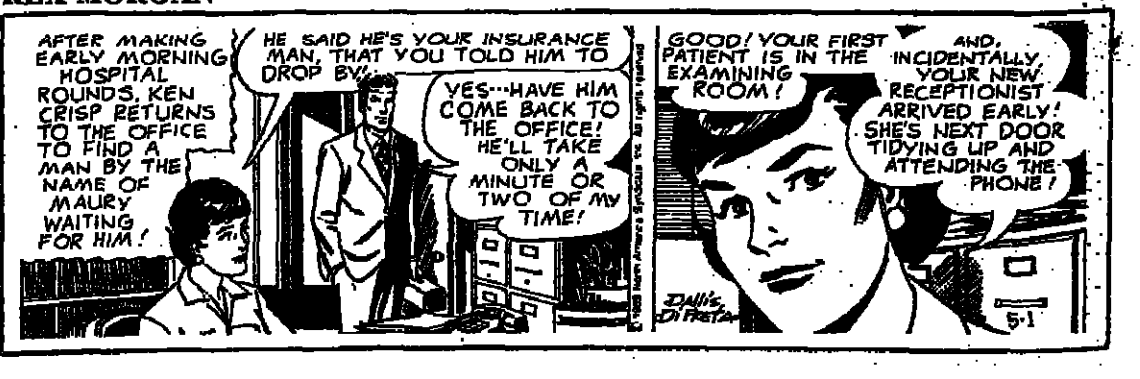
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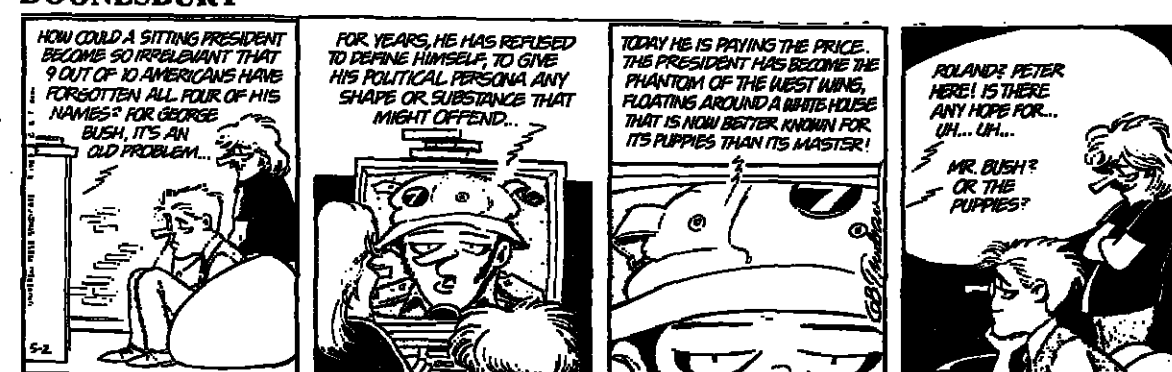
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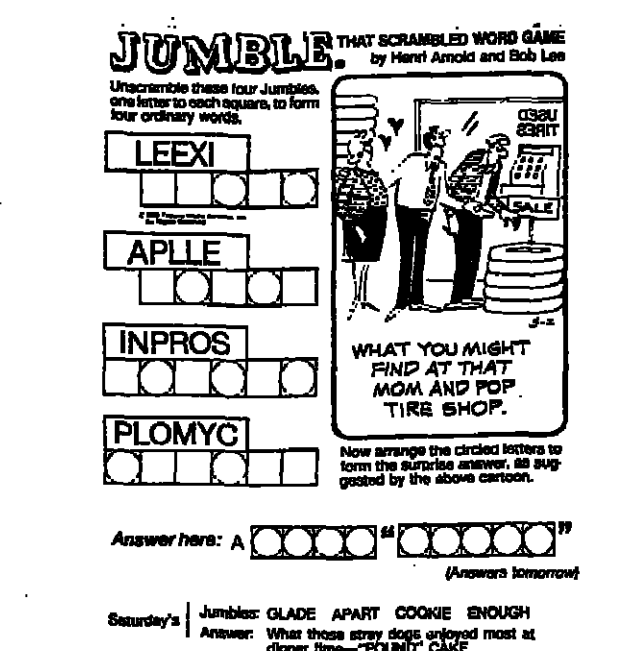
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SPORTS

Ryan 1, Clemens 0 As Rangers Rally to Defeat Red Sox, 2-1

The Associated Press
Nolan Ryan beat Roger Clemens in the first battle between the best fastball pitchers in Texas, leading the Texas Rangers past the Boston Red Sox, 2-1, Sunday on Rafael Palmeiro's two-run home run in the eighth inning.

"It was a great game to pitch in," Clemens said. "Ryan was Ryan."

SUNDAY BASEBALL

The thing is his curve is so outstanding you can't set on any other pitch.

Both pitchers live in Texas. The Rangers were powered by Ryan's fastball. He allowed three hits in eight innings and struck out 11. His 49 strikeouts in 35 innings lead the American League.

Ryan, 3-1, did not allow a hit until Danny Heep's two-out single in the fifth. He threw 136 pitches before Jeff Russell relieved to start the sixth and struck out two.

Clemens, 3-1, pitched a five-hitter and struck out six in his second complete game this season. He has 40 strikeouts, second to Ryan.

"It was just the kind of game I expected him to pitch," Ryan said. "He was dominating."

The Red Sox scored in the first when Ryan threw a wild pitch with a runner at third. That held up until the eighth, when Cecil Evers singled and Palmeiro homered off the right field pole.

"I struck out on the same pitch earlier," Palmeiro said. "It's the highest hit of my life. It came against Clemens and one of the best pitching performances I've ever seen."

Ryan's 2, Brewers 0: Floyd Bannister allowed only three hits in 9 1/3 innings as the Kansas City Royals won a three-game sweep at home. Steve Papp relieved and gave up no hits for his fifth save. Jim Eisenreich hit a run-scoring single in the first and Brad Wilton an RBI groundout in the second.

Yankees 5, White Sox 2: In New York, Don Slaught hit a three-run home in the first and John Candaria and Lance McCall combined on a four-hitter as New York won its fourth straight.

Candaria allowed three hits, struck out four and walked one in 5 1/3 innings. He left the game with discomfort in his right knee, but the club said it was not serious. McCallers pitched 3 1/3 innings for his first save.

Twins 2, Indians 1: Al Newman's run-scoring single in the seventh broke a tie in Minneapolis. Greg Gagne led off the seventh with a single off Bud Black. One out later, Dan Gladden singled and Gagne and Gladden pulled off a double steal. Newman lined a single to left and Gagne scored. Gladden was thrown out at home plate by left fielder Oddie McSwain.

Angels 1, Blue Jays 0: In Anaheim, California, Lance Parrish doubled with two outs in the 11th to score Johnny Ray from second and give California its fifth consecutive victory. Ray doubled with one out off Tom Henke, who came in to start the inning. Parrish then lined into the left field corner.

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Gene J. Peltzer/The Associated Press

SEVENTH-INNING SEARCH — Robby Thompson, second baseman for the San Francisco Giants, felt the damage Sunday as the Pittsburgh Pirates racked up 16 hits on the way to an 11-1 rout.

stole second. Davis then hit a 3-2 pitch for his sixth homer of the season.

Expos 9, Braves 6: Otis Nixon hit a three-run double and Spike Owen added his first National League home run as Montreal completed a three-game sweep at home. It was the sixth straight defeat for Atlanta. Hubie Brooks also had a home run and Brian Holman won his first start of the season.

Pirates 11, Giants 1: Steve Carter's first major-league home run sparked Pittsburgh's four-run first inning and Bobby Bonilla hit two run-scoring doubles to pace a 16-hit attack in Pittsburgh. Ben Walker allowed four hits in going the distance to beat former teammate Don Robinson, who lasted only two-plus innings.

Astros 7, Mets 6: After building a 7-3 lead after three innings, the home team survived a furious comeback by the Mets to score two runs in the seventh inning and one in the ninth. The victory snapped

McGill said: "In between the eighth and ninth innings, I figured I would see Lirio at some point in the inning. Baseball is a superstitious game."

"I was pretty relaxed about things," he added. "I've always dreamed about getting into that situation — as every pitcher has — and I was kind of surprised how relaxed I was. I just tried to go after him. I figured he'd be swinging and tried to get him to hit a ground ball, but I got the ball up a little and he hit it hard."

Jack Howell's two-run homer gave California a 2-0 lead in the second. The Angels made it 3-0 in the third on an RBI double by Chili Davis, had four runs in the fifth when Dante Bichette and Howell each doubled in two runs, and added two runs in the seventh.

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Flyers Nail Penguins, 4-1, to Win Series

By Robert Facht

Washington Post Service

PITTSBURGH — When the general manager of the Philadelphia Flyers, Bob Clarke, gave the Toronto Maple Leafs two first-round draft picks in March for goalie Ken Wregget, some questioned his sanity. But on Saturday

STANLEY CUP PLAYOFFS

night, Wregget made Clarke look like a genius.

Wregget turned aside 39 shots to lead Philadelphia to a 4-1 victory over the Pittsburgh Penguins and the championship of the Patrick Division of the National Hockey League, 4 games to 3.

Philadelphia was set to open the Wales Conference championship series on Monday against the Montreal Canadiens.

Brian Propp, Dave Poulin, Mike Ballard and Scott Melnyk scored the Flyers' goals on Saturday.

Wregget was making his first start of the Stanley Cup playoffs for the injured Ron Hextall, who sprained his right knee in the second period of the sixth game.

Wregget had a perfect first period, turning aside 11 shots as the Flyers took a 1-0 lead on Propp's 50th career playoff goal at 17:41 against which goalie Tom Barraso had no chance.

Although referee Don Koharski whistled 11 minor penalties in the period, six against the Flyers, both teams were cautious about taking the retaliatory penalties that were so prominent in earlier games.

During a 16-minute stretch to the midpoint of the second period, the Flyers received five straight minor penalties. Pittsburgh took advantage of the third to tie the score.

Lemieux hit from the right wing circle at 4:21 while Wregget was falling. Kjell Samuelsson having knocked Rob Brown into the goal, it was Lemieux's 12th goal of the playoffs.

Then fell behind when Poulin scored during the fourth.

It stayed that way to the intermission, as Wregget turned back 16 shots in a seemingly endless 20-minute segment.

Propp was the man in the box when Mario Lemieux tied it, taking a high-sticking penalty in self-defense when Kandy Connerworth tried to run him through the boards.

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As Flyer Rick Tocchet picked up a loose puck, Penguin Tom Barraso slid across and blocked the net.

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